

**Jammerland Bay Nearshore A/S**

**Gyngemose Parkvej 50  
2860 Søborg**

**CVR no. 36 02 39 37**

**Annual report for 2015**

Adopted at the annual general meeting on 17 May 2016

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Ian Wallentin  
Chairman

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## **Statement by management on the annual report**

Today, the board of directors and the executive board have discussed and approved the annual report of Jammerland Bay Nearshore A/S for the financial year 1 January - 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015.

In our opinion, Management's review includes a fair review of the matters in the Management's review.

We recommend that the annual report should be approved at the annual general meeting.

Søborg, 11 May 2016

### **Executive Board**

Patrick Philippe Marcel  
Decostre

Knud Erik Andersen

### **Supervisory Board**

Holger Emil Bang  
chairman

Sylvain Aird

Patrick Philippe Marcel  
Decostre

Ian Wallentin

## **Independent auditor's report**

*To the Shareholders of Jammerland Bay Nearshore A/S*

### **Report on the financial statements**

We have audited the financial statements of Jammerland Bay Nearshore A/S for the financial year 1 January - 31 December 2015, which comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

## **Independent auditor's report**

### **Opinion**

In our opinion, the financial statement give a true and fair view of the company's financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

### **Statement on management's review**

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the financial statements.

København, 11 May 2016

KPMG  
Statsautoriseret Revisionspartnerselskab  
CVR-no. 25 57 81 98

Martin Eiler  
statsaut. revisor

## Company details

### **The Company**

Jammerland Bay Nearshore A/S  
Gyngemose Parkvej 50  
2860 Søborg

CVR no.: 36 02 39 37  
Financial year: 1 January - 31 December  
Incorporated: 26 June 2014  
Domicile: Gladsaxe

### **Board of directors**

Holger Emil Bang, chairman  
Sylvain Aird,  
Patrick Philippe Marcel Decostre  
Ian Wallentin

### **Executive board**

Patrick Philippe Marcel Decostre  
Knud Erik Andersen

### **Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø

### **General meeting**

The annual general meeting is held  
at the Company's address on 17 May 2016

## **Management's review**

### **Business activities**

The Company's objective is directly or through investments in other companies associated with the energy industry, to develop, operate and/or sell all kinds of renewable energy and related activities.

### **Measurement uncertainties**

#### Development projects

The value of development projects in progress depends on whether or not public permission is obtained and the establishment of adequate funding. For Jammerland Bay Nearshore the project is in process of obtaining Environmental Impact Assessment (EIA) permit. A risk is always embedded in this process as no one can predict what kind of impact an individual project will have on the environment prior to the analysis and assessment. If this is not achieved the project is reduced or closed and related costs expensed. Consequently the valuation of development projects in progress is uncertain as it depends on the outcome of matters not under the Company's control.

#### Loan

Jammerland Bay Nearshore A/S is a Joint Company between European Energy and Boralex a French Canadian renewable power producer. Boralex is also partner in another nearshore public tender which the Danish Energy Agency has published in 2015 and where a final bid must be submitted in 2016.

December 16th 2015 Jammerland Bay Nearshore A/S provided a loan of EUR 350,000 to the project company called European Energy Offshore Wind A/S where all the develop acitivities necessary for submitting a bid for the public tender is located.

The valuation of this loan is associated with similar risks as mentioned above regarding development projects as the value depends on whether or not the project is approved and executed.

**Financial review**

The Company's income statement for the year ended 31 December 2015 shows a loss of EUR 32,085, and the balance sheet at 31 December 2015 shows equity of EUR 3,597,987.

The Company has performed as expected in 2015.

The Environmental Impact Assessment (EIA) report was submitted to the Danish Energy Agency (DEA) in July 2015. Since the report has been in internal process within the Agency. Feedback from the DEA is expected in Q2 2016. Expectedly the report will be approved by the DEA during 2016/17 where after a building permit can be applied for.

As the DEA is a governmental agency it is impossible to estimate the internal process time needed.

**Post balance sheet events**

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.



## **Accounting policies**

The annual report of Jammerland Bay Nearshore A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those applies last year.

The annual report for 2015 is presented in Euro (EUR).

The exchange rate EUR/DKK as of 31 December 2015 was 7.46 (7.44 as of 31 December 2014).

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item. .

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

## **Accounting policies**

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### **Income statement**

#### **Other external expenses**

Other external expenses include expenses related to administration etc.

#### **Financial income and expenses**

Financial income and expenses include interest, realised and unrealised exchange adjustments.

#### **Tax on profit/loss for the year**

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

### **Balance sheet**

#### **Development projects**

Development costs comprise costs directly and indirectly attributable to the Company's development activities.

- Projects under development
- Projects under construction
- Completed projects for resale

Completed projects are transferred to property, plant and equipment when the system is transferred to commercial operation.

Development projects are measured at the lower of cost and the net realisable value.

## **Accounting policies**

### ***Projects under development***

Projects under development include projects where construction has not yet been initiated.

Cost includes direct and indirect charges incurred for the development of projects, including interest in the project period.

### ***Projects under construction***

Projects under construction include projects where construction has been initiated, but not completed.

Cost includes cost incurred in the development phase (projects under development) and costs in relation to the construction phase, which primarily include direct and indirect costs for subcontractors, project management and financing as well as interest during the construction period.

### ***Completed projects for resale***

Completed projects for resale include projects where construction is completed, but where the sales process has not been completed.

Cost includes costs incurred in the development phase (projects under development) and costs in relation to the construction phase, which primarily include direct and indirect costs for subcontractors, project management, and financing as well as interest in the period up to the completion of the construction project.

If the expected sales price for the project less the sales costs (net realisable value) is deemed to be lower than the carrying amount, write-down is made to this lower value.

## **Receivables**

Receivables are measured at amortised cost.

## **Equity**

### **Dividend**

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

## **Accounting policies**

### **Corporation tax and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the value at which they are expected to be utilised within the foreseeable future.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

### **Liabilities**

Other debt is measured at net realisable value.

**Income statement 1 January - 31 December**

	<u>Note</u>	01/01 - 31/12/15 EUR	26/6 - 31/12/14 EUR
Other external expenses		-41.014	-3.300
<b>Gross profit</b>		<b>-41.014</b>	<b>-3.300</b>
Financial income	1	1.445	307
Financial costs	2	-1.566	-4.607
<b>Profit/loss before tax</b>		<b>-41.135</b>	<b>-7.600</b>
Tax on profit/loss for the year	3	9.050	1.672
<b>Net profit/loss for the year</b>		<b>-32.085</b>	<b>-5.928</b>
 <b>Proposed distribution of profit</b>			
Retained earnings		-32.085	-5.928
		<b>-32.085</b>	<b>-5.928</b>

**Balance sheet at 31 December**

	<u>Note</u>	<u>2015</u> EUR	<u>2014</u> EUR
<b>Assets</b>			
Development projects in progress		<u>2.765.186</u>	<u>2.107.663</u>
<b>Intangible assets</b>	4	<u><b>2.765.186</b></u>	<u><b>2.107.663</b></u>
Other receivables	5	<u>351.438</u>	<u>0</u>
<b>Fixed asset investments</b>		<u><b>351.438</b></u>	<u><b>0</b></u>
<b>Total non-current assets</b>		<u><b>3.116.624</b></u>	<u><b>2.107.663</b></u>
Other receivables		13.692	27.109
Deferred tax asset		<u>10.722</u>	<u>1.672</u>
<b>Receivables</b>		<u><b>24.414</b></u>	<u><b>28.781</b></u>
<b>Cash at bank and in hand</b>		<u><b>560.493</b></u>	<u><b>1.624.926</b></u>
<b>Current assets total</b>		<u><b>584.907</b></u>	<u><b>1.653.707</b></u>
<b>Assets total</b>		<u><u><b>3.701.531</b></u></u>	<u><u><b>3.761.370</b></u></u>

**Balance sheet at 31 December**

	<u>Note</u>	<u>2015</u> EUR	<u>2014</u> EUR
<b>Liabilities and equity</b>			
Share capital		140.000	140.000
Retained earnings		<u>3.457.987</u>	<u>3.490.072</u>
<b>Equity total</b>	<b>6</b>	<b><u>3.597.987</u></b>	<b><u>3.630.072</u></b>
Trade payables		<u>103.544</u>	<u>131.298</u>
<b>Total current liabilities</b>		<b><u>103.544</u></b>	<b><u>131.298</u></b>
<b>Liabilities</b>		<b><u>103.544</u></b>	<b><u>131.298</u></b>
<b>Total equity and liabilities</b>		<b><u><u>3.701.531</u></u></b>	<b><u><u>3.761.370</u></u></b>
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**Notes to the annual report**

	01/01 - 31/12/15 EUR	26/6 - 31/12/14 EUR
<b>1 Financial income</b>		
Other financial income	1.438	0
Exchange gains	<u>7</u>	<u>307</u>
	<b><u>1.445</u></b>	<b><u>307</u></b>
<b>2 Financial costs</b>		
Other financial costs	5.120	0
Exchange loss	1.566	4.607
Capitalised interest expense	<u>-5.120</u>	<u>0</u>
	<b><u>1.566</u></b>	<b><u>4.607</u></b>
<b>3 Tax on profit/loss for the year</b>		
Deferred tax for the year	<u>-9.050</u>	<u>-1.672</u>
	<b><u>-9.050</u></b>	<b><u>-1.672</u></b>



## Notes to the annual report

### 4 Intangible assets

	<u>Development projects in progress</u>
Cost at 1 January 2015	2.107.663
Additions for the year	<u>657.523</u>
Cost at 31 December 2015	<u>2.765.186</u>
<b>Carrying amount at 31 December 2015</b>	<b><u><u>2.765.186</u></u></b>

### 5 Fixed asset investments

	<u>Other receivables</u>
Cost at 1 January 2015	<u>351.438</u>
Cost at 31 December 2015	<u>351.438</u>
<b>Carrying amount at 31 December 2015</b>	<b><u><u>351.438</u></u></b>

The Company has lent EUR 350,000 for European Energy Offshore Wind A/S, with the purpose of submitting a bid on the Danish Nearshore tender project.

This loan will expire no earlier than in 2017.

## Notes to the annual report

### 6 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2015	140.000	3.490.072	3.630.072
Net profit/loss for the year	<u>0</u>	<u>-32.085</u>	<u>-32.085</u>
<b>Equity at 31 December 2015</b>	<b><u>140.000</u></b>	<b><u>3.457.987</u></b>	<b><u>3.597.987</u></b>

The share capital consists of 140.000 shares of a nominal value of EUR 1. No shares carry any special rights.

### 7 Collateral and security

The Company has not provided any collateral or entered into any agreements on the provision of security in general.

### 8 Related parties and ownership

According to the company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

European Energy Offshore A/S, Gyngemose Parkvej 50, DK-2860 Søborg.

Boralex Inc., 722 Sherbrooke St. West, Suite 200, Montreal (Quebec) H3A 1G1, Canada.