

Vattenfall Renewables Wind DK
A/S

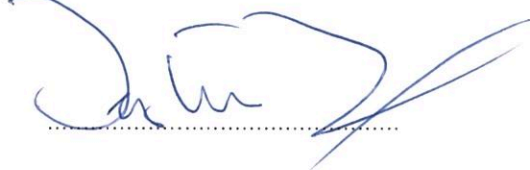
Jupitervej 6 6000 Kolding

CVR no. 36 08 54 60

Annual report 2016

Approved at the Company's annual general meeting on 15 March 2017

Chairman:



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Vattenfall Renewables Wind DK A/S 1 January - 31 December 2016 for the financial year.

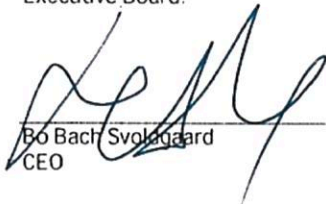
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

15, March 2017
Executive Board:



Bo Bach Svoldgaard
CEO

Board of Directors:

Carl Martin Reinholdsson
Chairman

Taeke Remco Boersma

Ole Bigum Nielsen

Kim Olsen

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Kim Olsen

Independent auditor's report

To the shareholders of Vattenfall Renewables Wind DK A/S

Opinion

We have audited the financial statements of Vattenfall Renewables Wind DK A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 15 March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Karsten Bøgel
State Authorised
Public Accountant

Management' review

Company details

Name	Vattenfall Renewables Wind DK A/S
Address, Postal code, city	Jupitervej 6, 6000 Kolding
CVR no.	36 08 54 60
Registered office	Kolding
Financial year	1 January - 31 December
Established	22. august 2014
Board of Directors	Carl Martin Reinholdsson, Chairman Taeke Remco Boersma Kim Olsen Ole Bigum Nielsen
Executive Board	Bo Bach Svoldgaard, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmutsh Vej 4, Postboks 250, 2000 Frederiksberg
Consolidated financial statement	The company is included in the consolidated financial statement of the ultimate parent company Vattenfall AB The consolidated financial statement for Vattenfall AB can be commissioned on following address: Vattenfall AB SE-169 92 Stockholm Sweden Or on the company's webpage: http://corarate.vattenfall.com/investors/financial-reports/
Annual general meeting of shareholders	Annual general meeting of shareholders take place 15 March 2017 on the company's address

Management commentary

Business review

The company's activity is to perform services as part of the development and operation of wind turbine-projects and to own energy production plants. Also to develop energy production as well as other activities related to this.

Events after the balance sheet date

No significant events have occurred subsequent to the financial year.

As of 1 January 2017 the Company is merged with the parent company Vattenfall Vindkraft A/S and the group entity Vattenfall Vindkraft Hagesholm A/S.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2016	2015 (17 month)
	Revenue	158.970	123.553
	Production costs	-103.819	-92.684
	Gross margin	55.151	30.869
	Administrativ expenses	-54.387	-29.853
	Operation profit/loss	764	1.016
	Financial income	5	0
3	Financial expenses	-124	-115
	Profit/loss before tax	645	901
4	Tax for the year	-189	-212
	Profit/loss for the year	456	689
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	456	689
		456	689

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Non-current assets		
5	Intangible assets		
	Goodwill	3.938	5.462
		<u>3.938</u>	<u>5.462</u>
6	Property, plant and equipment		
	Fixtures and fittings, plant and equipment	0	785
		<u>0</u>	<u>785</u>
	Total non-current assets	<u>3.938</u>	<u>6.247</u>
	Current assets		
	Receivables		
	Trade receivables	740	632
7	Receivables from group entities	91.909	40.326
	Work in progress	3.643	8.918
	Deffered tax	1.240	0
	Other receivables	161	186
	Prepayments	8	208
		<u>97.701</u>	<u>50.270</u>
	Total current assets	<u>97.701</u>	<u>50.270</u>
	TOTAL ASSETS	<u>101.639</u>	<u>56.517</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500	500
	Group contribution from parent company	35.200	35.200
	Retained earnings	1.145	689
	Total equity	<u>36.845</u>	<u>36.389</u>
	Current liabilities		
	Trade payables	2.682	2.474
	Payables to group entities	41.852	4.661
	Income taxes	986	212
	Other payables	19.274	12.781
	Total current liabilities	<u>64.794</u>	<u>20.128</u>
	Total liabilities	<u>64.794</u>	<u>20.128</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>101.639</u></u>	<u><u>56.517</u></u>

- 1 Accounting policies
- 2 Employees
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties
- 10 Subsequent events

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Group contribution from parent company	Retained earnings	Total
Equity at 1 January 2016	500	35.200	689	36.389
Transfer, see "Appropriation of profit/loss"	0	0	456	456
Equity at 31 December 2016	500	35.200	1.145	36.845

The Company's share capital consists of 500 shares of a nominal value of DKK 1.000.

No assets have been assigned specific rights.

There have been no changes in the Company's share capital since the Foundation of the company.

Financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of Vattenfall Renewables Wind DK A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The adoption of act no. 738 of 1 July 2015 effective as of 1 January 2016 has not resulted in any changes to the Company's accounting policies.

Comparative figures for prior financial reporting period comprise 17 month.

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. 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.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

Income from the rendering of services is recognised as revenue as the services are rendered the income can be measured reliably and payment is expected to be received.

Revenue is calculated less VAT and discounts granted.

Production costs

Production costs comprise costs incurred in generating the revenue for the year, inclusive of depreciation and impairment write downs. Such costs include direct and indirect costs of wages and salaries, rent and leases, as well as depreciation on production plant.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as depreciation.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, plant and equipment 3-7 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, realised and unrealised capital gains and losses on transactions denominated in foreign currencies, amortisation of financial assets and liabilities under the on-account tax scheme, etc.

Tax for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company is subject to the Danish rules on compulsory joint taxation with the Danish companies controlled by Vattenfall AB. The Company and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Acquired goodwill is subsequently measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life, which is 5 years.

Property, plant and equipment

Property, plant and equipment include plant and machinery as well as prepayments made to site owners and are measured at cost less accumulated depreciation and impairment.

Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use. Subsequent costs, for example the replacement of components of property, plant and equipment, are recognized in the carrying amount of the asset, when it is probable that the cost will result in future economic benefits for the entity.

Costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Gains and losses on the disposal of property, plant and equipment are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment tests are conducted of property, plant and equipment when there are indications of impairment. Impairment tests are conducted in respect of individual assets or groups of assets. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost, which is usually equivalent to the nominal value. Write down is made of the value for anticipated bad debt losses.

Other receivables are measured at amortised cost, which is usually equivalent to the nominal value.

Work in progress

Work in progress are measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract.

When the selling price of a contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Equity

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes

DKK'000	2016	2015 (17month)
2 Employees		
Average number of full-time employees	101	80
3 Financial expenses		
Interest expenses, subsidiaries	124	61
Value adjustment of other securities and investments	0	54
	124	115
4 Tax for the year		
Taxable income for the year	986	212
Deferred tax adjustments in the year	-831	0
Adjustment of tax for previous years	34	0
	189	212
5 Intangible assets		
DKK'000		Goodwill
Cost at 1 January 2016		7.621
Additions		0
Cost at 31 December 2016		7.621
Amortisation and impairment losses at 1 January 2016		2.159
Amortisation		1.524
Amortisation and impairment losses at 31 December 2016		3.683
Carrying amount at 31 December 2016		3.938

Financial statements 1 January - 31 December

Notes

6 Property, plant and equipment

DKK'000	Fixtures and fittings, plant and equipment
Cost at 1 January 2016	2.094
Cost at 31 December 2016	2.094
Depreciation and impairment losses at 1 January 2016	1.309
Depreciation	785
Depreciation and impairment losses at 31 December 2016	2.094
Carrying amount at 31 December 2016	0

7 Receivables from group entities

Out of the Company's total receivables from group entities, net bank deposits in the cash pool scheme in the Vattenfall Group total DKK -35.063 thousand.

8 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is taxed with the other Danish group entities. The Company is jointly and severally liable with the other jointly taxed companies for the total income tax and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

No other collateral had been placed at 31 December 2016.

Other liabilities

The Company has entered into rent agreements and operating leases at the following amounts:

DKK 1.574 thousand.

Financial statements 1 January - 31 December

Notes

9 Related parties

Vattenfall Renewables Wind DK A/S' related parties comprise the following:

Parties exercising control

Vattenfall Vindkraft A/S, CVR.nr.: 31 59 75 44, Exnersgade 2, 6700 Esbjerg, Denmark, which exercises control.

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Vattenfall AB	Stockholm, Sverige	Vattenfall AB, SE-169 92 Stockholm, Sverige https://corporate.vattenfall.com/investors/financial-reports/

10 Subsequent events

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

As of 1 January 2017 the Company is merged with the parent company Vattenfall Vindkraft A/S and the group entity Vattenfall Vindkraft Hagesholm A/S.