

VATTENFALL



Vattenfall Vindkraft Komplementar ApS

Exnersgade 2, 6700 Esbjerg,

CVR no. 37 07 45 78

Annual report 2016

Approved at the Company's annual general meeting on 31 Maj 2017

Executive Board:

A handwritten signature in blue ink, appearing to read 'Alexander Knudsen', written over a horizontal dotted line.

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 Vattenfall Vindkraft Komplementar ApS for the financial year 7 September 2015 - 31 December 2016.

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 financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 7 September 2015 - 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.

Esbjerg, 31 Maj 2017
Executive Board:



Lars Buhrkall

Independent auditor's report

To the shareholders of Vattenfall Vindkraft Komplementar ApS

Opinion

We have audited the financial statements of Vattenfall Vindkraft Komplementar ApS for the financial year 7 September 2015 – 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 7 September 2015 – 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, 31 Maj 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Karsten Bøgel
State Authorised
Public Accountant

Management' review

Management commentary

Business review

Vattenfald Vindkraft Komplementar ApS' purpose is to supplement Vattenfall Vindkraft A/S' wholly or partly owned subsidiaries and to perform other related businesses.

Events after the balance sheet date

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

Financial statements 7 September 2015 – 31 December 2016

Income statement

Note	DKK	2016/2015
	Gross profit/loss	<u>-15.000</u>
	Gross margin	<u>-15.000</u>
	Profit/loss before net financials	-15.000
	Financial income	0
	Financial expenses	<u>-1</u>
	Profit/loss before tax	-15.001
2	Tax for the year	<u>3.300</u>
	Profit/loss for the year	<u>-11.701</u>
	Recommended appropriation of profit/loss	-11.701
	Retained earnings/accumulated loss	<u>-11.701</u>

Financial statements 7 September 2015 – 31 December 2016

Balance sheet

Note	DKK	2016/2015
	Current assets	
	Receivables from group enterprises	49.999
	Other receivables	3.300
		<u>53.299</u>
	Cash	<u>0</u>
	Total current assets	<u>53.299</u>
	TOTAL ASSETS	<u>53.299</u>

Financial statements 7 September 2015 – 31 December 2016

Balance sheet

Note	DKK	2016/2015
	EQUITY AND LIABILITIES	
	Equity	
	Share capital	50.000
	Retained earnings	-11.701
	Total equity	38.299
	Current liabilities	
	Other payables	15.000
	Total current liabilities	15.000
	Total liabilities	15.000
	TOTAL EQUITY AND LIABILITIES	53.299

- 1 Accounting policies
- 3 Related parties

Financial statements 7 September 2015 – 31 December 2016

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 7 September 2015	50.000	0	50.000
Transfer, see "Appropriation of profit/loss"	<u>0</u>	<u>-11.701</u>	<u>-11.701</u>
Equity at 31 December 2016	<u><u>50.000</u></u>	<u><u>-11.701</u></u>	<u><u>38.299</u></u>

Financial statements 7 September 2015 – 31 December 2016

Notes

1 Accounting policies

The annual report of Vattenfall Vindkraft Komplementar ApS 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 accounting policies are as follows:

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.

Income statement

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration.

Financial income and expenses

Financial income and expenses comprise interest income and expense, charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

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 (full distribution).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements 7 September 2015 – 31 December

Notes

1 Accounting policies (continued)

Balance sheetReceivables

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.

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 using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

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

Financial liabilities comprising trade payables, amounts owed to group entities as well as other payables are recognised at the date of borrowing at cost. In subsequent periods, financial liabilities are measured at net realisable value.

Other liabilities are measured at net realisable value.

	<u>2016/2015</u>
DKK	
2 Tax for the year	
Estimated tax on the taxable income for the year	-3.300
	<u>-3.300</u>

3 Related parties

Vattenfall Vindkraft Horns Rev 3 P/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Vattenfall Vindkraft A/S	Exnersgade 2, DK-6700 Esbjerg	Participating interest

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, Sweden	Vattenfall AB SE-169 92 Stockholm Sweden
		https://corporate.vattenfall.com/investors/financial-reports/