

VATTENFALL



## Vattenfall Vindkraft Klim Holding A/S

Exnersgade 2, 6700 Esbjerg

CVR no. 37 08 89 27

### Annual report 2016

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

Chairman:

A handwritten signature in blue ink, reading "Alexander Knudsen", written over a dotted horizontal line.

## Contents

Management's review	2
Independent auditor's report	3
Management' review	5
Company details	5
Management commentary	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

## Management's review

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Vattenfall Vindkraft Klim Holding A/S for the financial year 1 January - 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 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.

Esbjerg, 31 May 2017  
Executive Board.



Lars Buhrkall

Board of Directors:



Bert Archer Johansen  
Chairman

Kim Olsen



Erik Slot

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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 May 2017  
Executive Board:

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Lars Buhrkall

Board of Directors:

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Bent Archer Johansen  
Chairman



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Kim Olsen

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Erik Slot

## Independent auditor's report

To the shareholders of Vattenfall Vindkraft Klim Holding A/S

### Opinion

We have audited the financial statements of Vattenfall Vindkraft Klim Holding 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 Statements Act. We did not identify any material misstatements in the Management's review.

Copenhagen, 31 May 2017  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Karsten Bøgel  
State Authorised  
Public Accountant

## Management' review

### Company details

Name Vattenfall Vindkraft Klim Holding A/S  
Address, Postal code, city Exnersgade 2, 6700 Esbjerg

CVR no. 37 08 89 27  
Registered office Esbjerg  
Financial year 1 January - 31 December  
Established 1 June 2015

Board of Directors Bent Acher Johansen, Chairman  
Kim Olsen  
Erik Slot

Executive Board Lars Buhrkall, CEO

Auditors Ernst & Young Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4, Postboks 250, 2000 Frederiksberg

Consolidated financial statements The Company is included in the consolidated financial statements of the ultimate Parent Company, Vattenfall AB

The consolidated financial statements for Vattenfall AB can be commissioned at the following address:

Vattenfall AB  
SE-169 92 Stockholm  
Sweden

Or on the company's webpage:  
<http://corporate.vattenfall.com/investors/financial-reports/>

Annual general meeting of shareholders Annual general meeting of shareholders takes place on 31 May 2017 at the Company's address

## Management' review

### Management commentary

#### Business review

Subsequent to the disposal of the Company's ownershare of Vattenfall Vindkraft Klim P/S, there is no activities in the Company.

#### Financial review

In 2016, the Company has transferred its 98.1% ownershare of Vattenfall Vindkraft Klim P/S to the Parent Company, Vattenfall Vindkraft A/S. The ownershare has been transferred at fair value. The fair value has been based on an assessment of the present value of future cash flows prepared by external expert.

The Company has accounted for the transaction using the pooling of interests method. This implies that the ownershares are considered disposed of at the first day of the financial year, and that comparative figures have been adjusted. The financial gain from arising as the difference between the selling price, and the net asset value of the investments are taken directly to equity at the beginning of the year.

#### Events after the balance sheet date

No significant events have occurred subsequent to the financial year.



## Financial statements 1 January – 31 December

### Income statement

Note	DKK'000	2016	2015 (7 mdr./month)
	Administration expenses	-16	-12
	Profit/loss before financial expenses	-16	-12
	Financial expenses	-5	0
	Profit/loss before tax	-21	-12
4	Tax for the year	5	3
	Profit/loss for the year	-16	-9
	Recommended appropriation of profit/loss		
	Dividend proposed for the year	0	15,000
	Net revaluation reserve according to the equity method	0	0
	Retained earnings/accumulated loss	-16	-15,009
		-16	-9

## Financial statements 1 January – 31 December

### Balance sheet

Note	DKK'000	<u>2016</u>	<u>2015</u>
	ASSETS		
	Current assets		
	Receivables		
3	Receivables from group enterprises	859,380	859,400
	Receivables from joint taxation contribution	8	4
	Deferred tax assets	0	0
	Total current assets	<u>859,388</u>	<u>859,404</u>
	TOTAL ASSETS	<u>859,388</u>	<u>859,404</u>

## Financial statements 1 January – 31 December

### Balance sheet

Note	DKK'000	2016	2015
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
	Share capital	110,230	110,230
	Share premium account	551,148	551,148
	Retained earnings/accumulated loss	159,906	159,922
	Dividend proposed for the year	0	15,000
	<b>Total equity</b>	<b>821,284</b>	<b>836,300</b>
	Current liabilities		
	Payables to group entities	15,000	0
	Payable joint taxation contribution	23,092	23,092
	Other payables	12	12
	<b>Total current liabilities</b>	<b>38,104</b>	<b>23,104</b>
	<b>Total liabilities</b>	<b>38,104</b>	<b>23,104</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>859,388</b>	<b>859,404</b>

- 1 Accounting policies
- 2 Changes in the Company's activities
- 5 Contractual obligations and contingencies, etc.
- 6 Related parties
- 7 Subsequent events

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Share capital	Share premium account	Net revaluation reserve according to the equity method	Profit and loss account	Dividend proposed for the year	Total
Equity at 1 January 2016	110,230	551,148	20,893	-20,107	15,000	677,164
Adjustments to equity due to intragroup transactions using the pooling-off interest	0	0	-20,893	180,029	0	159,136
Adjusted equity at 1 January 2016	110,230	551,148	0	159,922	15,000	836,300
profit/loss for the year	0	0	0	-16	0	-16
Dividend distributed	0	0	0	0	-15,000	-15,000
Equity at 31 December 2016	110,230	551,148	0	159,906	0	821,284

The Company's share capital consists of 220,549 shares of a nominal value of DKK 500.00.

No shares have been assigned specific rights.

Expenses related to the foundation of the Company constitutes DKK 13,000.

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 Vindkraft Klim Holding A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities.

Effective 1 January 2016, the Company has early adopted act no. 738 of 1 June 2015. The adoption has not resulted in changes to the accounting policies.

The accounting policies are consistent with those of last year.

Comparative figures for prior financial reporting period comprise 7 months.

#### Intragroup business combinations

The pooling-of-interests method is applied to intra-group acquisitions and sales of investments in subsidiaries. This implies that investments are considered having been acquired, respectively sold, at the first day of the financial year and that any differences between the acquisition cost, respectively the selling price, and the net asset value of the investments are taken directly to equity at the beginning of the year. Comparative figures are restated accordingly.

#### Income statement

##### Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including administration fee of group entities, etc.

##### Tax for the year

The Company is subject to the Danish rules on compulsory joint taxation with the Danish companies subject to control by Vattenfall AB.

The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income (full absorption).

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.

#### Equity

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 item under "Equity".

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### 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, which comprise other liabilities 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 net realisable value.

##### 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

#### 2 Changes in the Company's activities

In 2016, the Company has transferred its 98.1% ownershare of Vattenfall Vindkraft Klim P/S to the Parent Company, Vattenfall Vindkraft A/S. The Company has accounted for the transaction using the pooling of interests method. This implies that the ownershares are considered disposed of at the first day of the financial year and that comparative figures have been adjusted.

#### 3 Receivables

Out of the Company's total receivables, net bank deposits in the cash pool scheme in the Vattenfall Group total DKK 885,657 thousand.

DKK'000	2016	2015
4 Tax for the year		
Estimated tax on the taxable income for the year (income)	5	3
	<u>5</u>	<u>3</u>

#### 5 Contractual obligations and contingencies, etc.

##### Contingent liabilities

The Company is jointly 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 contingent liabilities had been placed at 31 December 2016.

#### 6 Related parties

Vattenfall Vindkraft Klim Holding A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Vattenfall Vindkraft A/S	Esbjerg, Denmark	Participating interest

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the Parent Company's consolidated financial statements
Vattenfall AB	Stockholm, Sweden	Vattenfall AB, SE-169 92 Stockholm, Sweden
		<a href="https://corporate.vattenfall.com/investors/financial-reports/">https://corporate.vattenfall.com/investors/financial-reports/</a>

7 Subsequent events

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