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European Energy Systems A/S

Annual Report 2006

The following is a translation of the Danish original text. The original Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable

Registration no. 18 35 13 31
The annual report comprises 40 pages
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Contents

Statements

Statement by the Executive and Supervisory Boards

The Executive and Supervisory Boards have today discussed and approved the annual report of European Energy Systems A/S for 2006.

The annual report has been prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the Company's financial position at 31 December 2006 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January - 31 December 2006.

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

Copenhagen, 29 May 2007
Executive Board:

Knud Erik Andersen

Supervisory Board:

Jens-Peter Zink chairman	Knud Erik Andersen	Mikael Dystrup Pedersen

Statements

Independent auditors' report

To the shareholders of European Energy Systems A/S

We have audited the annual report of European Energy Systems A/S for the financial year 1 January – 31 December 2006, which comprises the statement by the Executive and Supervisory Boards on the annual report, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company and the consolidated cash flow statement. The annual report has been prepared in accordance with the Danish Financial Statements Act.

The Executive and Supervisory Boards' responsibility for the annual report

The Executive and Supervisory Boards are responsible for the preparation and fair presentation of this annual report in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive and Supervisory Boards, as well as evaluating the overall presentation of the annual report.

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

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2006 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January - 31 December 2006 in accordance with the Danish Financial Statements Act.

Copenhagen, 29 May 2007
KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab

Poul Erik Olsen	H. J. Borgen
State Authorised	State Authorised
Public Accountant	Public Accountant

Management's review

Company details

European Energy Systems A/S
Diplomvej 377
2800 Kgs. Lyngby

Telephone:	+45 88 70 82 16
Fax:	+45 88 70 82 15

Registration no.:	18 35 13 31
Established:	1995
Registered office:	Lyngby
Financial year:	1 January - 31 December

Supervisory Board

Jens-Peter Zink
Knud Erik Andersen
Mikael Dystrup Pedersen

Executive Board

Knud Erik Andersen

Auditors

KPMG C.Jespersen
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P.O. Box 250
2000 Frederiksberg

Management's review

Financial highlights for the Group

EUR'000	2006	2005	2004
Key figures			
Revenue	93,608	33,067	63
Direct costs	-84,030	-30,695	0
Gross profit	9,578	2,372	63
Ordinary operating profit(EBIT)	6,458	2,092	3
Profit from disposal of investments	18,358	0	0
Ordinary profit/loss from financial income and expenses	-1,460	421	1,389
Profit for the year	**22,085**	**1,559**	**1,173**
Balance sheet total	91,872	24,573	12,918
Equity	**27,600**	**5,510**	**3,958**
Cash flows from operating activities	8,211	1,921	-2,396
Net cash flows from investing activities	-38,764	54	-1,705
Portion relating to investment in property, plant and equipment	-31,826	-35	-2,264
Cash flows from financing activities	33,067	4,291	3,860
Total cash flows	**2,514**	**6,266**	**-241**
Financial ratios			
Operating margin	10.2%	7.2 %	-
Return on investment	6.9%	6.3 %	-
Equity ratio	30.0%	22.4 %	30.6 %
Return on equity	133.4%	32.9 %	34.7 %
Average number of full-time employees	4	3	0
Average number of employees, including employees in associated enterprises	10	4	0
Number of employees at year-end, including employees in associated enterprises	14	6	0

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2005". For terms and definitions, please see the accounting policies.

The Company had no operating activities in the period before 2003, thus no financial ratios have been included for prior financial years.

Management's review

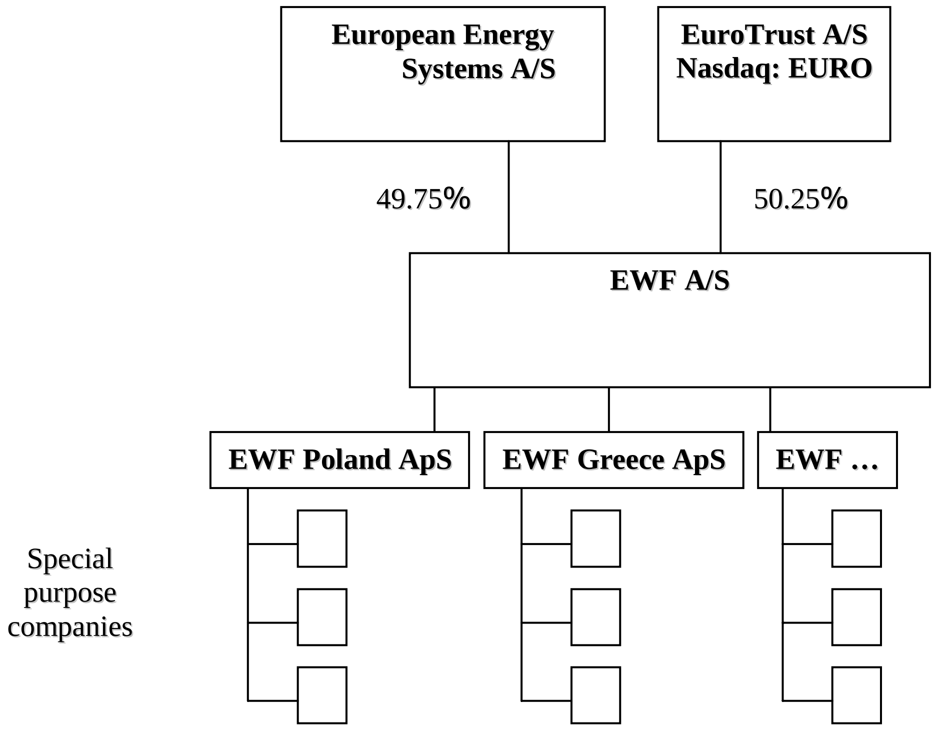
Operating review

Activity

European Energy Systems A/S (EES A/S) started as independent power producer (IPP) in October 2004. The group operates wind farms in several European countries and sells power to the local utilities. Since the start the company has gone through a stable development where the installed power generating capacity has been expanded year by year.

European Wind Farms A/S

European Wind Farms A/S (EWF A/S) was founded by EES A/S in February 2005 with the aim to develop wind farms for the mother company. During the first years of operation EWF A/S achieved a development pipeline of several hundred MW. To fully exploit the potential of the development pipeline, EES A/S decided to share the current and future pipeline with the Nasdaq noted EuroTrust A/S in the summer 2006. The partnership with EuroTrust A/S was effective from July 2006 when EuroTrust A/S acquired 50.25% of EWF A/S. By this transaction EuroTrust A/S injected EUR 16,094 thousand (DKK 120,000 thousand) in cash in EWF A/S while EES A/S received 915,500 EuroTrust A/S shares. Going forward EuroTrust A/S and EES A/S each holds the right to 50% of the wind farms MW developed by EWF A/S.



Management's review

Operating review

Business model

The energy systems operated by EES A/S are developed by full or part subsidiaries in cooperation with local development partners. The subsidiaries develop the energy systems from green field until installation and operation. After commissioning, EES A/S and EuroTrust A/S take over the developed energy system either partly or fully. As IPP, EES A/S sells power, green certificates, and CO2 certificates according to the rules and regulations in the individual countries in which the company operates. As a second business activity the company buys and sells energy systems already in operation. This broker activity is mainly performed in countries where the energy system market is well developed.

Management's review

Operating review

Year 2006

Several highlights were reached in the year, e.g.:

- New record in installed capacity & pipeline capacity (MW)
- New record in produced power (MWh)
- New record in revenue and net result
- First wind farm in Italy in operation
- Selling of a 50.25% stake in European Wind Farms A/S

The wind farm development activities have gone through a rapid development where EES A/S in cooperation with its partial subsidiary EWF A/S has started wind development activities in 8 European countries with Germany comprising the main market.

Management's review

Operating review

EWF A/S completed 14 wind farms with a record total capacity of 122 MW in the year. The following wind farms were commissioned:

Country	Wind Farm	No of Turbines	Total MW	Commission Date
Germany	Gockenholz	1	2.0	Jan-06
Germany	Thräna	3	6.0	Feb-06
Germany	Mildenberg 7+8	2	1.7	Feb-06
Germany	Schäcksdorf	5	10.0	Mar-06
Germany	Auras I	1	2.0	Mar-06
Germany	Wriezener Höhe II	8	16.0	Mar-06
Germany	Nielitz	5	10.0	May-06
Germany	Bad Iburg	3	6.1	Oct-06
Germany	Greußen	11	22.0	Oct-06
Germany	Unseburg-Löderburg	9	18.0	Oct-06
Germany	Eichow	6	12.0	Nov-06
Germany	Sohland II	3	6.0	Dec-06
Germany	Kasel-Golzig I	2	4.0	Dec-06
Italy	Parco Eolico Monte Vitalba	7	5.95	Dec-06
Total 2006		**66**	**121.8**	

Of the 66 turbines installed by the EWF A/S during the year, EES A/S holds from 22% to 100% ownership at the time of commissioning. The total new capacity developed for EES A/S was 59 MW or 49% of the developed new capacity. Beside the new installed capacity EES A/S has increased its ownership in European Wind Farms No. 1 A/S from 40% to 68%, corresponding to 14 MW.

The wind farms in detail

Gockenholz

Gockenholz in Niedersachsen, Germany is a single Vestas V80, 2 MW wind turbine with 100 m. hub height. The turbine was installed in January with an estimated yearly production of 3.6 GWh. EES A/S was 100% owner at commission.

Thräna

The Thräna wind farm in Thüringen, Germany consists of 3 Vestas V90 with 95 m hub height. The wind farm has an estimated yearly production of 13.4 GWh. EES A/S holds 22%.

Management's review

Operating review

Mildenberg 7+8.

Mildenberg 7+8 is an extension of this wind farm with 2 Vestas V52, 850 KW turbines with hub height of 74 m. The turbines have a yearly estimated production of 3.1 GWh and EES A/S was 100% owner at commission. Mildenberg in Brandenburg, Germany is a wind farm originally developed by EWF A/S with 4 Vestas V80 wind turbines. This wind farm is operated by European Wind Farms No. 1 A/S of which EES A/S owns a 69% stake.

Schäcksdorf

Schäcksdorf in Brandenburg, Germany was commissioned in March 2006. The wind farm has 5 Vestas V90, 2MW, with 105 m hub height. Yearly wind farm production is estimated at 21.5 GWh. The wind farm has an option to be expanded with an extra Vestas V90, 2 MW scheduled for 2008. EES A/S was 100% owner at commission.

Auras I

Auras I in Brandenburg, Germany is 1 Vestas V80, 100 m Hub height, with an estimated yearly production of 4 GWh. The wind farm will be expanded with 3 Vestas V90 during 2007 and 2008 extending the total estimated yearly production to 18.8 GWh.

Management's review

Operating review

Wriezener Höhe II

The first part of wind farm Wriezener Höhe in Brandenburg, Germany was completed in 2005. The second part was commissioned during 2006. The total wind farm consists of 13 2 MW wind turbines. 3 Repower MM82, 2 MW with 80 hub height, 3 Repower MM82 with 100 m hub height and 7 Vestas V90, 2MW with 80 m. hub height. Total yearly production is estimated to 47.5 GWh. EES A/S holds 50% of the wind farm.

Nielitz

The Nielitz wind farm in Meckleburg-Vorpommern, Germany with 5 Vestas V90, 2 MW hub height 80 m is located in a high wind region with estimated 25.6 GWh in yearly production. EES A/S holds 22%.

Management's review

Operating review

Bad Iburg

The Bad Iburg wind farm is located in Niedersachen, Germany. The wind farm consist of 3 Nordex wind turbines, 2 X N90, 2.3 MW and one Nordex S77 1.5 MW. The wind turbines are delivered with lattice towers which give the N90 turbines a hub height of 105 m. and the S77 a hub height of 111.5 m. The wind farm is EES A/S' first wind farm with Nordex wind turbines. The estimated yearly production is 12.2 GWh. EES A/S was 50% owner of the wind farm at commission.

Greußen

Wind farm Greußen in Thüringen, Germany is with 22 MW the second biggest wind farm commissioned during the year by EES A/S. The wind farm consists of 11 Vestas V90, 2 MW wind turbines with hub height 105 m. The wind farm was in operation in October and has yearly production of 24.9 GWh. EES A/S holds 36%.

Management's review

Operating review

Unseburg-Löderburg

Wind farm Unserburg-Löderburg is divided into two sites. The Unseburg site consists of 7 Vestas V80, 2 MW with hub height 95 m. and the Löderburg site operates 2 Vestas V80 2 MW wind turbines with 95 m. hub height. The total yearly production estimate is 36 GWh. EES A/S holds 50% of the two wind farms.

Eichow

Eichow in Brandenburg is a wind farm with 6 Vestas V90, 2 MW all with 105 m. hub height. The wind farm has been delayed due to special grid requirement by the local utility but final commission was performed in November. Total yearly production is 24.0 GWh. EES A/S owned 50% at commission.

Sohland II

Sohland in Sachsen, Germany is a wind farm with 3 Vestas V90, 2 MW and 105 m hub height. Although the site is a typical inland location the yearly production per wind turbine is estimated to exceed 5 GWh. Total production is estimated at 15.9 GWh. EES A/S holds 37%.

Kasel Golzig

Kasel Golzig in Brandenburg, Germany was originally planned for 3 Vestas V90, 2 MW all with a hub height of 105 m. During 2006 only building permits for 2 V90 was granted, due to the proximity to a historical building with a preservation order. There is a chance that the third wind turbine can be installed during 2007 with a reduced hub height. The wind farm with the first 2 wind turbines generates 8.13 GWh. EES A/S holds 50%.

Parco Eolico Monte Vitalba

The wind farm at Monte Vitalba in Tuscany is European wind farm A/S' and EES A/S' first wind farm in Italy. After app. 3 years of development the wind farm was finally installed in Nov-Dec 2006. The wind farm is located on a mountain and due to the limited access roads, the Vestas V52 850 KW wind turbines were chosen. The project with 7 turbines has given EES A/S and EWF A/S valuable experience in developing wind farms in Italy. Total capacity is 5.95 MW and EES A/S holds 42%.

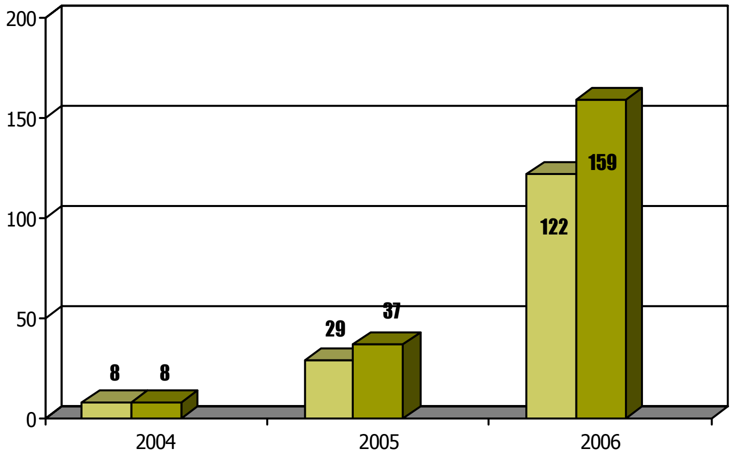
Management's review

Operating review

The energy system broker activity counted for EUR 88,161 thousand (DKK 657,328 thousand). In the first half of year 2007 the total wind farm capacity owned by EES A/S is 69 MW corresponding to an investment of more than EUR 85,000 thousand (DKK 633,250 thousand) making EES A/S one of Denmark's biggest private owners/operators of wind farms.

The graph below shows the yearly new and accumulated MW capacity developed by EWF A/S from Oct. 2004 until the end of 2006.

MW



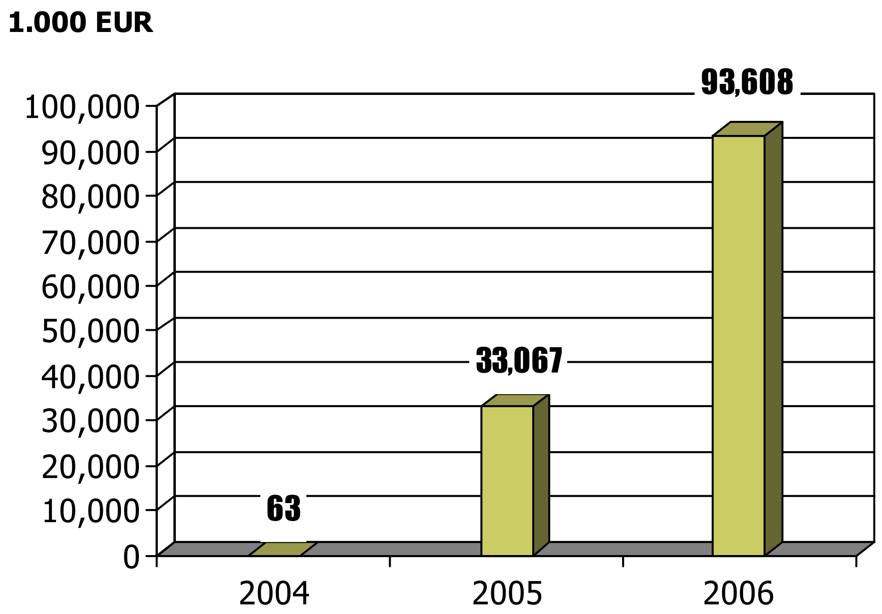
New & accumulated capacity developed by EWF A/S

Management's review

Operating review

Revenue

Total revenues for EES A/S, including power sales, was EUR 93,608 thousand (DKK 697,941 thousand) up from EUR 33,067 thousand (DKK 246,696 thousand) in year 2005 or an increase of 183%.



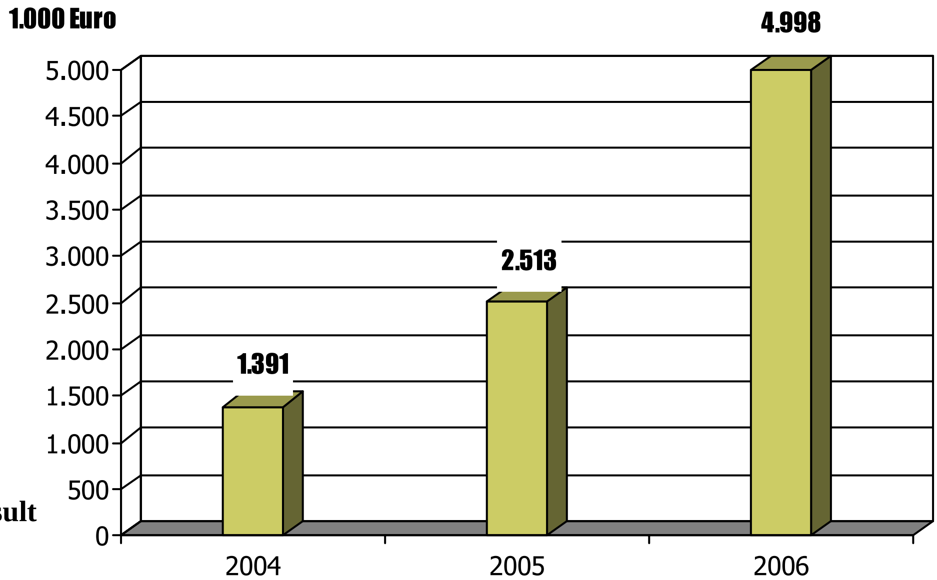
Annual result

The ordinary pre tax result, excluding the sales of 50.25% of EWF A/S, was EUR 4,998 thousand (DKK 37,265 thousand), up from EUR 2,513 thousand (DKK 18,748 thousand) in the previous year, an increase of 99%. The pre tax result, including the sales of 50.25% of EWF A/S, stood at EUR 23,356 thousand (DKK 174,142 thousand) compared with EUR 2,513 (DKK 18,748 thousand) in year 2005. The sales of 50.25% of EWF A/S counted for EUR 18,358 thousand (DKK 136,877 thousand). Net result after tax was EUR 22,085 thousand (DKK 164,666 thousand). This result was satisfactory. Return on equity was 133%.

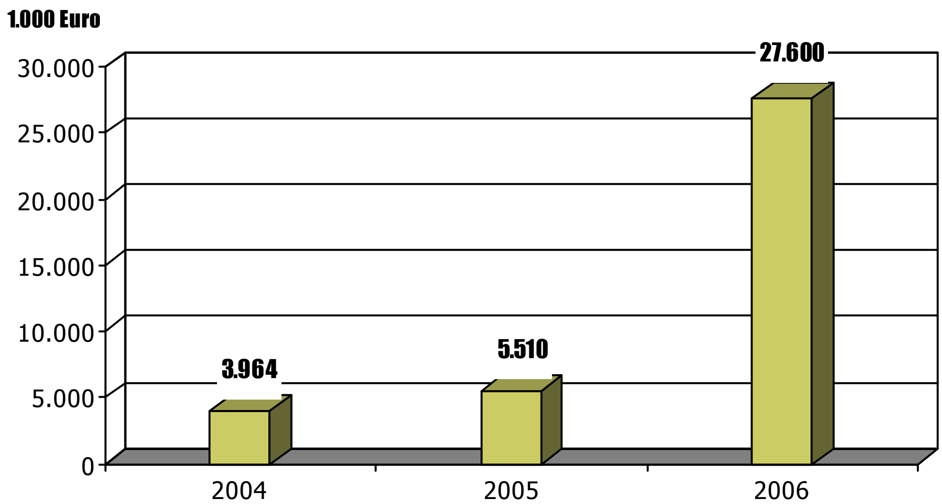
Management's review

Operating review

Pre tax result



Equity 2004-2006
Total equity in EES A/S at year end stood at EUR 27,600 thousand (DKK 205,786 thousand). The development in equity for EES A/S is shown in the graph below.



Management's review

Operating review

Future

The global renewable energy sector is in a positive development with high two digit growth rates. The EES A/S group has taken steps to be a well positioned and active player in this development. Through the part ownership of EWF A/S, EES A/S has secured access to several hundred MW of new developed wind farm capacity over the coming years. In the table below the current development pipeline of EWF A/S is quantified.

Area	Number of projects	Number of turbines	Total MW
Central Europe	7	46	85.1
Eastern Europe	9	147	158.3
Southern Europe	3	49	138
Total planned capacity 2007-2009	**19**	**242**	**381.4**

The general shortage and price increase in the wind industry can influence the development of EES A/S in the coming years. To secure deliveries of wind turbines EES A/S will continue to expand its relations to the major suppliers of wind turbines.

For 2007 we expect to see significant increase in our sales of electrical power with a good margin and at the same time we expect that the broker activity will decrease compared with 2006.

Due to expansion in several new countries the general cost level of the group will increase.

For 2007 EES A/S expects a result in line with the result for the year 2006 excluding the EuroTrust A/S transaction.

As IPP, EES A/S will invest in other energy sectors besides the wind farms activities and expects to have identified the next energy investment opportunities during 2007.

Management's review

Operating review

Events after year-end

From year-end to signature of the yearly accounts no events or market change have occurred impacting the yearly account 2006 or outlook for 2007. The discussion in Denmark regarding the depreciation rules on wind turbines operating in Germany will not influence the result for the year 2006 as EES A/S has chosen not to let the group follow the international joint taxation.

Consolidated and parent company financial statements for the period 1 January - 31 December

Accounting policies

The annual report of European Energy Systems A/S for 2006 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The group has decided to report its financial results in Euro (EUR).

The EUR/DKK rate at 31 December 2006 constitutes 745.60 (746.05 at 31 December 2005).

The accounting policies used in the preparation of the consolidated and parent company financial statements are consistent with those of last year.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

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

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Consolidated financial statements

The consolidated financial statements comprise the parent company, European Energy Systems A/S, and subsidiaries in which European Energy Systems A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

Consolidated and parent company financial statements for the period 1 January - 31 December

Accounting policies

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associated companies are computed as the difference between disposal price and the carrying value of the net assets at the time of disposal inclusive of goodwill not amortised and anticipated costs for the disposal.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years.

Minority interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The minority interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

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 rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Consolidated and parent company financial statements for the period 1 January - 31 December

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 at the date at which the receivable or payable arose or was recognised in the latest consolidated and parent company financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets denominated in foreign currency are translated at the exchange rates at the transaction date.

Income statement

Revenue

Revenue is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT, and taxes charged on behalf of third parties.

For business and structural reasons all wind turbines/wind farms are formed in independent limited partnerships. Sales of wind turbines are made by a complete or partial transfer of limited shares in the underlying limited partnerships.

As the purpose of the group is to sell wind turbines, the market value of the wind turbines is recognised as revenue regardless of whether the limited shares are sold which are held by subsidiary.

Direct costs

Direct costs comprise costs incurred in generating the revenue for the year. Direct costs comprise costs for the operation of the wind mills and construction costs for wind mills sold.

Staff costs

Staff costs comprise wages and salaries, pensions and other staff costs for the Company’s employees, including the Executive and Supervisory Boards.

Other operating costs

Other operating costs comprise costs for administration, etc.

Consolidated and parent company financial statements for the period 1 January - 31 December

Accounting policies

Depreciation

Depreciation comprises depreciation for the year on property, plant and equipment and loss and gain on disposal of fixed assets.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme etc.

Tax on profit/loss from ordinary activities

The company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries.

The ultimate parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year - due to changes in the tax rate. 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.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Consolidated and parent company financial statements for the period 1 January - 31 December

Accounting policies

Other rights

Other rights comprise rights to acquire and build wind farms. Other rights are measured at cost less accumulated amortisation and impairment. The rights are amortised over the period of the rights, although not exceeding 20 years.

Gains and losses on the disposal of other rights are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as amortisation.

Property, plant and equipment

Plant and machinery, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Wind turbines	25 years
Tools and equipment	3-5 years

Property, plant and equipment are written down at the lower of recoverable amount and carrying value.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as depreciation.

Investments in subsidiaries and associates

Income statement

The proportionate share of the results before tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses. The share of the taxes of subsidiaries is recognised as tax on profit/loss from ordinary activities.

Consolidated and parent company financial statements for the period 1 January - 31 December

Accounting policies

The proportionate share of the results before tax of the associates is recognised in both the parent company and the consolidated income statement after elimination of the proportionate share of intra-group profits/losses. The share of the taxes of associates is recognised as tax on profit/loss from ordinary activities.

Balance sheet

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries and associates with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal.

Gains or losses on disposal of subsidiaries and associated companies are computed as the difference between disposal price and the carrying value of the net assets at the time of disposal inclusive of anticipated costs for the disposal.

Gains and losses are recognised in the income statement as financial items.

Limited shares

Investments which are limited shares and which are acquired for the purpose of continued operation are recognised in the balance sheet as fixed assets, while limited shares acquired for the purpose of resale within a short period of time are recognised in the balance sheet as current assets.

Investments in limited partnerships comprise investment capital as well as loans granted for the partnerships provided that the loan is considered part of the net investment in the partnership.

Consolidated and parent company financial statements for the period 1 January - 31 December

Accounting policies

Gains or losses on disposal of investments in partnerships established for the purpose of resale are computed as the difference between disposal price and the carrying value of the net assets at the time of disposal inclusive of anticipated costs for the disposal.

Inventories

Wind farm projects under construction are measured at cost. If the net realisation value is lower than cost, write-down is made at the lower value. Cost comprises raw materials, consumables and other costs directly related to the projects. Borrowing costs are not recognised in cost.

The net realisable value is computed as the sales price less completion costs and costs incurred to complete the sale, and is determined with reference to marketability and development in anticipated sales price.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Other securities and investments

Securities are measured at fair value at the balance sheet date. Listed securities are measured at market value.

Corporation tax and deferred tax

Under the rules for joint taxation and in its capacity as the administrative company, the group's ultimate parent company is liable for the Company's corporation taxes towards the tax authorities concurrently with the payment of joint taxation contribution.

Joint taxation contribution payable and receivable is recognised as intra-group balances.

Consolidated and parent company financial statements for the period 1 January - 31 December

Accounting policies

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 Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, 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 and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Change in deferred tax due to changed tax rates is recognised in the income statement.

Liabilities other than provisions

Amounts owed to mortgage credit institutions and banks are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Consolidated and parent company financial statements for the period 1 January - 31 December

Accounting policies

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2005".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit* x 100}}{\text{Average equity}}$

Consolidated and parent company financial statements for the period 1 January - 31 December

Income statement

		Consolidated		Parent company	
EUR'000	Note	2006	2005	2006	2005
Revenue	1	93,608	33,067	61,212	11,833
Direct costs		-84,030	-30,695	-56,575	-11,250
Gross profit		9,578	2,372	4,637	583
Staff costs	2	-403	-112	-307	-43
Other external costs		-755	-167	-93	-97
Depreciation	6, 7	-1,962	-1	-20	0
Ordinary operating profit		6,458	2,092	4,217	443
Profit in subsidiaries before tax	8	0	0	348	1,527
Profit in associates before tax	9	301	132	301	125
Profit from disposal of investments		18,358	0	18,358	0
Financial income	3	772	663	856	735
Financial expenses	4	-2,533	-374	-876	-317
Profit from ordinary activities before tax		23,356	2,513	23,204	2,513
Tax on the profit for the year	5	-1,139	-954	-1,119	-954
Profit for the year		22,217	1,559	22,085	1,559
Minority share holders' share of the profit for the year		-132	0	0	0
The Group's share of profit for the year		22,085	1,559	22,085	1,559

Proposed profit appropriation

Reserve for net revaluation according to the equity method	6,804	1,071
Retained earnings	15,281	488
	22,085	1,559

Consolidated and parent company financial statements for the period 1 January - 31 December

Balance sheet

		Consolidated		Parent company	
EUR'000	Note	2006	2005	2006	2005
ASSETS					
Fixed assets					
Intangible assets	6				
Goodwill		207	0	207	0
Other rights		980	0	0	0
		1,187	0	207	0
Property, plant and equipment	7				
Wind turbines		29,579	0	0	0
Tools and equipment		15	34	15	24
		29,594	34	15	24
Investments					
Investments in subsidiaries	8	0	0	2,109	1,013
Investments in associates	9	18,858	1,842	18,858	1,788
		18,858	1,842	20,967	2,801
Total fixed assets		49,639	1,876	21,189	2,825
Current assets					
Inventory					
Wind farm projects under constructions		0	6,281	0	0
Receivables					
Trade receivables		13,099	283	11,975	180
Amount owed by subsidiary		0	0	355	3,903
Amount owed by associate		2,872	384	1,103	344
Receivable from disposal of investment		0	79	0	79
Corporation tax receivable		34	103	34	0
Other receivables		518	644	387	243
Prepayments		216	0	0	0
		16,739	1,493	13,854	4,749
Securities	14	15,471	7,414	19,208	7,414
Cash at bank and in hand	14	10,023	7,509	6,516	2,232
Total current assets		42,233	22,697	39,578	14,395
TOTAL ASSETS		91,872	24,573	60,767	17,220

Consolidated and parent company financial statements for the period 1 January - 31 December

Balance sheet

		Consolidated		Parent company	
EUR'000	Note	2006	2005	2006	2005
EQUITY AND LIABILITIES					
Capital and reserves	10				
Share capital		1,340	1,340	1,340	1,340
Reserve for net revaluation according to the equity method		0	0	7,873	1,064
Retained earnings		26,260	4,170	18,387	3,106
Total capital and reserves		27,600	5,510	27,600	5,510
Minority interests		522	0	0	0
Provisions					
Deferred tax	11	1,578	1,077	1,378	586
Liabilities other than provisions	12				
Long-term liabilities other than provisions					
Liabilities from issuance of bonds		1,766	0	0	0
Mortgage institutions		28,381	1,870	0	0
		30,147	1,870	0	0
Short-term liabilities other than provisions					
Amount owed to the credit institutions	12	15,824	11,034	13,831	11,034
Trade payables		7,710	1,496	6,589	37
Amount owed to affiliate		0	0	3,204	0
Amount owed to associates		7,949	0	7,903	0
Liabilities from acqusition of investments		0	432	0	0
Prepayments received		0	3,046	0	0
Other payables		542	108	262	53
		32,025	16,116	31,789	11,124
Total liabilities other than provisions		62,172	17,986	31,789	11,124
TOTAL EQUITY AND LIABILITES		91,872	24,573	60,767	17,220

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Consolidated and parent company financial statements for the period 1 January - 31 December

Cash flow statement

EUR'000	Note	Consolidated 2006	Consolidated 2005
Operating profit		6,458	2,092
Adjustment of non-cash operating items, etc.:			
Depreciation		1,962	1
Cash generated from operations (operating activities) before changes in working capital		8,420	2,093
Changes in wind farm projects under construction		6,281	-4,017
Changes in receivables		-15,315	-908
Changes in prepayments received		-3,046	3,046
Changes in working capital		14,165	1,905
Cash generated from operations (operating activities)		10,505	2,119
Interest received		362	217
Interest paid		-2,533	-325
Cash generated from operations (ordinary activities)		8,334	2,011
Corporation tax paid		-123	-90
Cash flows from operating activities		8,211	1,921
Acquisition of intangible assets		-1,308	0
Disposal of intangible assets		0	1,090
Acquisition of property, plant and equipment		-89,442	-35
Disposal of property, plant and equipment		57,616	0
Acquisition of investments and securities		-25,073	-4,785
Disposal of investments and securities		19,443	3,784
Cash flows from investing activities		-38,764	54
Long-term liabilities taken out		28,277	1,870
Repayment of long-term debt		0	-1,661
Increase in debts with credit institutions		4,790	4,082
Dividends paid		0	0
Cash flows from financing activities		33,067	4,291
Net cash flows from operating, investing and financing activities		2,514	6,266
Cash and cash equivalents at 1 January		7,509	1,243
Cash and cash equivalents at 31 December		10,023	7,509

The cash flow statement cannot be directly derived from the other components of the consolidated and parent company financial statements.

Consolidated and parent company financial statements for the period 1 January - 31 December

Notes

		Consolidated		Parent company	
	EUR'000	2006	2005	2006	2005
1	**Revenue**				
	Sale of wind turbines	88,161	32,825	61,212	11,833
	Income from operation of wind turbines	5,447	242	0	0
		93,608	33,067	61,212	11,833
2	**Staff costs**				
	Wages and salaries	263	111	168	43
	Pensions	134	0	134	0
	Other costs	2	1	1	0
	Other persona	4	0	4	0
		403	112	307	43
	Executive Board	107	43	107	43
	Supervisory Board	0	0	0	0
		107	43	107	43
	Average number of employees	4	3	1	1
3	**Financial income**				
	Interest income, affiliates and associates	75	0	211	76
	Interest income, banks	79	26	42	22
	Interest income, bonds	191	183	191	183
	Other interest income	15	0	0	0
	Exchange gains on securities	222	446	222	446
	Foreign exchange gains	188	0	188	0
	Dividend, shares	2	8	2	8
		772	663	856	735

Consolidated and parent company financial statements for the period 1 January - 31 December

Notes

		Consolidated		Parent company	
	EUR'000	2006	2005	2006	2005
4	**Financial expense**				
	Interest expense, institutes	2.238	322	581	268
	Other interest expense	62	3	62	3
	Foreign exchange losses	0	49	0	46
	Other financial expense	233	0	233	0
		2.533	374	876	317
5	**Tax on the profit for the year**				
	Tax on the profit for the year	192	90	2	0
	Tax in subsidiaries	0	0	125	581
	Tax in associates	155	50	155	50
	Adjustment regarding prior years	0	3	0	3
	Adjustment for the year of deferred tax	792	811	837	320
		1,139	954	1,119	954

6 Intangible assets

Consolidated	Goodwill	Other rights
EUR'000		
Cost 1 January 2006	0	0
Addition	218	0
Addition due to acquisition of investments	0	1.090
Cost 31 December 2006	218	1.090
Amortisation 1 January 2006	0	0
Amortisation due to acquisition of investments	0	-55
Amortisation for the year	-11	-55
Amortisation 31 December 2006	-11	-110
Carrying amount 31 December 2006	207	980
Amortised over	20 years	20 years

Other rights comprise rights to acquire and build wind mill farms. The rights are held by European Wind Farm No. 1 A/S. During the financial year the Company's ownership share of European Wind Farm No. 1. A/S has increased from 40% to 68%.

Consolidated and parent company financial statements for the period 1 January - 31 December

Notes

Parent company	Goodwill
EUR'000	
Cost 1 January 2006	0
Addition	218
Cost 31 December 2006	218
Amortisation 1 January 2006	0
Amortisation for the year	-11
Amortisation 31 December 2006	-11
Carrying amount 31 December 2006	207
Amortised over	20 years

7 Property, plant and equipment

Consolidated

EUR'000	Wind turbines	Tools and equipment
Cost at 1 January 2006	0	35
Addition	65,018	0
Addition due to acquisition of investments	25,696	0
Disposal	-58,638	0
Disposal due to acquisition of investments	0	-11
Cost 31 December 2006	32,076	24
Depreciation 1 January 2006	0	-1
Addition due to acquisition of investments	-1,272	0
Depreciation for the year	-1,887	-9
Disposal	662	1
Depreciation 31 December 2006	-2,497	-9
Carrying amount 31 December 2006	29,579	15
Depreciated over	25 years	3-5 years

Consolidated and parent company financial statements for the period 1 January - 31 December

Notes

Parent company

EUR'000	Tools and equipment
Cost at 1 January 2006	24
Addition	0
Disposal	0
Cost 31 December 2006	24
Depreciation 1 January 2006	0
Depreciation for the year	-9
Disposal	0
Depreciation 31 December 2006	-9
Carrying amount 31 December 2006	15
Depreciated over	3-5 years

8 Investment in subsidiaries

	Parent company	
EUR'000	2006	2005
Cost 1 January	67	1,635
Addition	7,640	67
Transferred from associates	400	0
Transferred to associates	-78	-67
Disposal	-6,349	-1,568
Cost 31 December	1,680	67
Value adjustment 1 January	946	28
Transferred from associates	136	0
Transferred to associates	-1,237	0
Profit for the year before tax	348	1,527
Tax in subsidiaries	-125	-581
Disposal	361	-28
Value adjustment 31 December	429	946
Carrying amount 31 December	2,109	1,013

Consolidated and parent company financial statements for the period 1 January - 31 December

Notes

In the financial year, the parent company has disposed of 50.25% of its shares in European Wind Farms A/S. The parent company's share of ownership in European Wind Farms A/S then constitutes 49.75%. The value of the investments is hereafter transferred to associates. The gain in connection with disposal of the shares in European Wind Farms A/S amounts to EUR 18,358 thousand.

Due to the parent company's acquisition of a further 27.9% of the share capital in European Wind Farms No 1 A/S, and thereby acquiring controlling interest in the company, investments have been transferred from associates.

Investments in subsidiaries at 31 December 2006 can be specified as follows:

Name and registered office	Owner-ship share at 31/12 2006	Nominal capital	Share of profit for the year before tax	Share of profit for the year	Share of capital and reserves
European Wind Farm No. 1 A/S	67.90 %	1.000	325	-45	1.107
European Energy Systems I ApS	100.00%	17	0	0	17
European Energy Systems II ApS	100.00%	17	0	0	17
EWF Deutschland GmbH	100.00%	25	-3	0	138
German partnership companies	100.00%	10	-119	-226	830
		1.069	203	-271	2.109
European Wind Farm A/S (Profit for the period when the parent company had controlling interest)	49.75%	808	145	146	0
		1.877	348	-125	2.109

9 Investments in associates

EUR'000	Parent company 2006	Parent company 2005
Cost 1 January	1,663	0
Addition for the year	9,332	1,596
Addition at capital increase	741	0
Transferred to investments in subsidiaries	-400	0
Transferred from investments in subsidiaries	78	67
Cost 31 December	11,414	1,663

Consolidated and parent company financial statements for the period 1 January - 31 December

Notes

EUR'000	Parent company 2006	Parent company 2005
Value adjustment 1 January	125	0
Addition at capital increase	7,099	0
Transferred to investments in subsidiaries	-136	0
Transferred from investments in subsidiaries	1,237	0
Dividend	-1,115	0
Profit for the year before tax	301	125
Tax on profit for the year	-155	0
Other adjustments	88	0
Value adjustment 31 December	7,444	125
Carrying amount 31 December	18,858	1,788

Name and registered office	Ownership share	Nominal capital	Profit/loss for the year	Capital and reserves	Share of profit for the year
Enerteq ApS	49.50 %	67	-4	0	61
Enertec Vitalba ApS	49.50 %	67	-44	0	52
European Wind Farms A/S	49.75 %	1.000	628	-151	8,593
VMA France SAS	40.00 %	16	0	0	8
German partnership companies	22-50%	73	-279	-4	10,144
			301	-155	18,858

10 Capital and reserves

Consolidated EUR'000	Share capital	Retained earnings	Total
Capital and reserves 1 January 2006	1,340	4,170	5,510
Foreign currency translation	0	5	5
Profit for the year	0	22,085	22,085
Capital and reserves 31 December 2006	1,340	26,260	27,600

Consolidated and parent company financial statements for the period 1 January - 31 December

Notes

Parent company EUR'000	Share capital	Retained earnings	Reserve for net revaluation according to the equity method	Total
Capital and reserves 1 January 2006	1,340	3,106	1,064	5,510
Foreign currency translation	0	0	5	5
Profit for the year	0	15,281	6,804	22,085
Capital and reserves 31 December 2006	1,340	18,387	7,873	27,600

In the Danish Commerce and Companies Agency the share capital has been registered at DKK 10 million. The amount is translated to EUR 1,340 thousand.

11 Deferred tax

Deferred tax can mainly be ascribed to wind farm projects in German limited partnerships.

12 Liabilities other than provisions

Consolidated EUR'000	Amount owed by 1/1 2006	Total amount owed by 31/12 2006	Long-term share	Short-term share	Remaining outstanding amount after 5 years
Liabilities from issuance of bonds	0	1,766	1,766	0	1,766
Credit institutions	12,904	44,205	28,381	15,824	12,336
	12,904	45,971	30,147	15,824	14,102

Parent company EUR'000					
Credit institutions	11,034	13,831	0	13,831	0

Consolidated and parent company financial statements for the period 1 January - 31 December

Notes

		Consolidated		Parent company	
	EUR'000	2006	2005	2006	2005
13	**Auditors' fees**				
	Total fee	64	41	36	35
	Fee for services other than audit	46	31	25	24

14 Mortgages and securities

The parent company's deposit comprises bonds issued by subsidiary in the amount of EUR 3,737 thousand and in addition to this, securities in the amount of EUR 4,362 thousand covered by lock-up. These securities can only be released when certain specific conditions are met with.

For the Group's short-term debt to the credit institutions, EUR 15,824 thousand, securities at a carrying value of EUR 15,471 thousand and bank deposits of EUR 3,500 thousand at 31 December 2006 have been provided as guarantee.

The group's long-term debt to mortgage credit institutions is secured upon wind turbines of which the carrying amount at 31 December 2006 was EUR 29,579 thousand.

The parent company and one of its subsidiaries have signed a letter of subordination to other creditors in German partnership companies. Furthermore the companies have pledged not to make distributions of profit/loss in the German partnership companies until a sufficient reserve has been secured in the partnership companies in accordance with agreement with external debt providers.

15 Related party disclosure

European Energy Systems A/S' related parties comprise:

A4 Invest ApS, Peter Rørdams Vej 30, 2800 Kgs. Lyngby and Mikael Dystrup Pedersen, Vandstjernevej 36, 4600 Køge, who jointly own and have controlling interest of the Company.

Other related parties

The company's other related parties comprise the subsidiaries, associates and Executive and Supervisory Boards.

The company's transactions with related parties

In the financial year, the parent company has purchased wind mills from and paid administration fees to European Wind Farms A/S.

In the financial year the Company has intercompany receivables and payables with subsidiaries and associates. During the financial year interest has been paid on market terms.