**KPMG**
**Statsautoriseret Revisionspartnerselskab**
**AUDIT**
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# European Energy A/S

# Annual Report 2009

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
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# Contents

# Statement by the Executive and Supervisory Boards

The Executive and Supervisory Boards have today discussed and approved the annual report of European Energy A/S for the financial year 1 January – 31 December 2009.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2009 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 2009.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Copenhagen, 31 May 2010
Executive Board:

Knud Erik Andersen

Supervisory Board:

| | | |
|---|---|---|
| Jens-Peter Zink<br>Chairman | Knud Erik Andersen | Mikael Dystrup Pedersen |

# Independent auditors' report

## To the shareholders of European Energy A/S

We have audited the consolidated financial statements and the parent company financial statements of European Energy A/S for the financial year 1 January – 31 December 2009, pp. 25-50. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

In addition to our audit, we have read the Management's review prepared in accordance with the Danish Financial Statements Act and issued a statement in this regard.

## Management's responsibility

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the parent company financial statements 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 consolidated financial statements and parent company financial statements that are 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. Further, it is the responsibility of Management to prepare a Management's review that gives a fair review in accordance with the Danish Financial Statements Act.

## Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements 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 consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, 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 consolidated financial statements and the parent company financial statements 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 Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

# Independent auditors' report

the overall presentation of the consolidated financial statements and the parent company financial statements.

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 consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2009 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 2009 in accordance with the Danish Financial Statements Act.

## Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 31 May 2010
**KPMG**
Statsautoriseret Revisionspartnerselskab

Poul Erik Olsen
State Authorised
Public Accountant

Kenn W. Hansen
State Authorised
Public Accountant

# Management's review

## Company details

European Energy A/S
Diplomvej 377
DK-2800 Kgs. Lyngby

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

### Supervisory Board

Jens-Peter Zink
Knud Erik Andersen
Mikael Dystrup Pedersen

### Executive Board

Knud Erik Andersen

### Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Borups Allé 177
P.O. Box 250
DK-2000 Frederiksberg

# Management's review

## Financial highlights for the Group

| EUR'000 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Revenue | 28,678 | 32,046 | 9,580 | 93,608 | 33,067 |
| Direct costs | -14,935 | -23,579 | -4,436 | -84,030 | -30,695 |
| Gross profit | 13,743 | 8,467 | 5,144 | 9,578 | 2,372 |
| EBIT (Ordinary operating profit) | 7,233 | 4,839 | 3,263 | 6,458 | 2,092 |
| Separate items | 3,106 | 29 | 20 | 18,358 | 0 |
| Ordinary profit/loss from financial income and expenses | -2,614 | -2,725 | 2,057 | -1,460 | 421 |
| **The group's share of profit for the year** | **5,646** | **1,342** | **3,846** | **22,085** | **1,559** |
| Balance sheet total | 198,464 | 159,947 | 89,943 | 91,872 | 24,573 |
| **Equity** | **36,988** | **31,468** | **30,102** | **27,600** | **5,510** |
| Cash flows from operating activities | 316 | -6,033 | 6,137 | 8,211 | 1,921 |
| Net cash flows from investing activities | -7,093 | -44,678 | -8,587 | -38,764 | 54 |
| Portion relating to investment in property, plant and equipment | 375 | -38,142 | -9,359 | -31,826 | -35 |
| Cash flows from financing activities | 3,696 | 54,332 | 1,969 | 33,067 | 4,291 |
| **Total cash flows** | **-3,081** | 3,621 | **-481** | **2,514** | **6,266** |
| **Financial ratios** | | | | | |
| Operating margin | 47.9% | 26.4% | 53.7% | 10.2% | 7.2% |
| Return on investment | 25.2% | 15.1% | 34.1% | 6.9% | 6.3% |
| Equity ratio | 18.6% | 19.6% | 33.5% | 30.0% | 22.4% |
| Return on equity | 16.5% | 4.3% | 13.3% | 133.4% | 32.9% |
| Average number of full-time employees | 35 | 12 | 3 | 4 | 3 |
| Average number of employees, including employees in associated enterprises | 35 | 25 | 15 | 10 | 4 |
| Number of employees at year-end, including employees in associated enterprises | 46 | 39 | 25 | 14 | 6 |

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.

# Management's review

## Activities

2009 was European Energy A/S' most prosperous year so far. In spite of the overall difficult financial conditions in Europe, the Company has succeeded in continuing the growth within its area of business, which has characterised the Company over the past five years.

The Company was founded in October 2004 as developer of renewable energy power plants and independent power producer and has now finalised its fifth full year of operation. The installed capacity owned by the Group has also grown in 2009 so that the total sale of power, including the sale of power in associated enterprises, reached a new high at a total of EUR 20.3 million (DKK 151 million), corresponding to an increase of approximately 45%.

Since 2007 the Company has increasingly been focusing on developing its own projects and has developed a significant portfolio of projects under development. Accordingly, the primary growth in 2009 took place within development with a significant growth in the consolidated project pipeline of which several projects are close to achieving final building permits.

Due to the strong pipeline growth, the Group henceforth expects to keep a smaller part of the built power plants on own hands compared to previously. Historically, European Energy A/S has owned an average of 50% of all built projects – in the future this percentage is expected to decrease to about 25.

# Management's review

The reduction of ownership share is not expected to cause less growth in the Group thanks to the many new building permits for both wind and solar projects. The lower ownership share will on the other hand ensure a stronger liquidity as well as better opportunities to use the Group's competency within international project development, construction as well as operation of wind and solar projects.

In spite of its considerable growth, the Group has managed to reduce its short-term credit facilities with the Company's credit institutions in 2009, a process that has continued in 2010 up until financial reporting.

In 2009 European Energy A/S reached a range of milestones of great significance which will continue to influence the further development:

1. The Group, including associated enterprises, has reached record growth in a range of areas:
   a. 45% increase in the sale of power
   b. 138% increase in the wind development pipeline
   c. 41% increase in the solar development pipeline
   d. 101% increase in the investment potential
   e. 180% increase in profit before tax
2. On June 30th 2009 the Company acquired 50.25% of European Wind Farms A/S, which thereby became a wholly owned company. In consequence hereof the wind project development portfolio has more than doubled. In the years to come, the acquisition is expected to contribute significantly to future development and earnings.
3. In 2009 the Group strengthened its development capacity significantly by hiring more project managers, engineers and lawyers – making the Company more capable of functioning as a development engine with focus on developing, building and operating the projects. Henceforth, the ownership will to a greater extent than previously be shared with financial partners.
4. As part of the new strategy, the Company acquired a range of European wind farm projects in 2009 together with a financial investor in a 50:50 shared ownership. European Energy A/S handles the running operation and administration of these projects.
5. The Group initiated the divestment of a part of its German portfolio resulting in a reduced ownership share in these farms. The administration of these farms continues to be handled internally. Through the sales process a wide network emerged of potential business partners who are interested in becoming financial partners in new projects. This is expected to enable the Group to build new projects at a greater speed than previously.

6. The development of the Company's solar projects has been highly successful. Based on this, many new solar projects can be realised in 2010 and 2011.
7. Further, the Group has obtained project financing of solar power plants. In spite of a difficult market for project loans with a 15-18 years' loan period, European Energy A/S continued to take home a range of new financing agreements in 2009. The time needed to complete the financing process has risen in general. However, this has had the positive

# Management's review

effect that the interest rate on the loans was lower due to the overall interest rate drop in the market.

8. In order to focus 100% on wind and solar activities, the Company decided to end its hydro energy activities. Hydro energy is not considered an uninteresting business area, rather the reasoning is that the development potential of the primary business areas is extraordinarily good at the moment. This has entailed a small impairment from terminated projects.

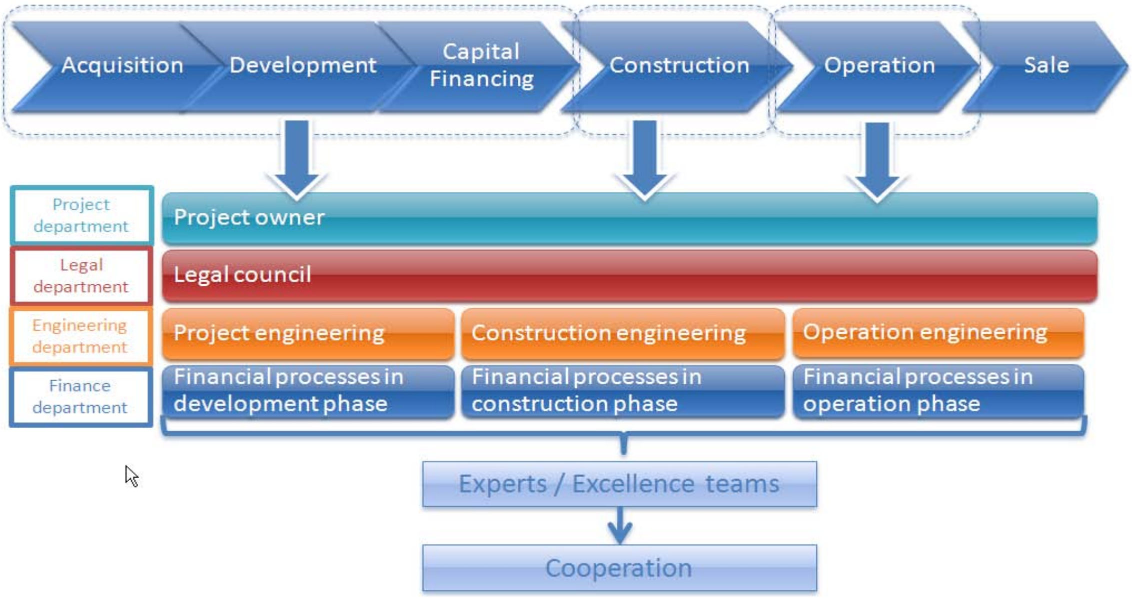
9. In order to optimise the internal business procedures of the numerous Danish and foreign subsidiaries, the Company initiated the implementation of a new IT system, which upon roll-out in all of the subsidiaries will ensure a uniform reporting and administration of the Group's subsidiaries.

In consequence of the increased focus on the development activities, the Company has made organisational changes expected to entail an improved ability to facilitate the expected growth in the years to come. The project department has been split up in the new organisation so that project management will be extracted to a separate department. Legal, engineering and sales have also become separate departments. This is to ensure that the departments will have a clearly defined work area and a more efficient allocation of resources.

In consequence of European Energy A/S' full acquisition of European Wind Farms A/S in 2009, the divide within the Group of employees between wind and solar activities has now been erased. The employees are now more oriented towards geography than technology, both with regard to project managers, lawyers and engineers. In that connection, the management group has been expanded so that all departments are now represented herein in order to ensure a flexible communication across the departments. The effects of the new organisational structure have already become clear through more efficient work procedures and processes.

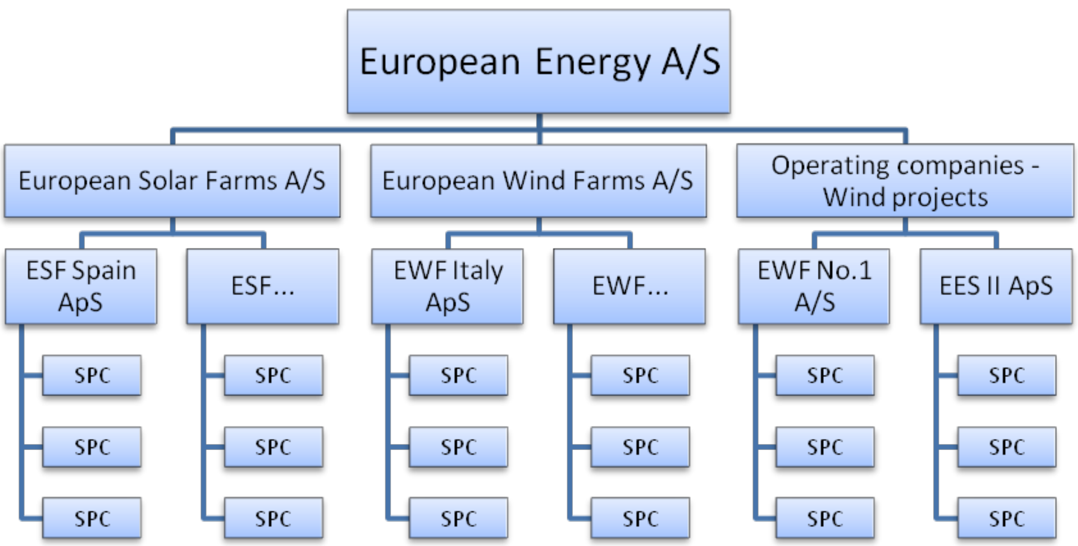
The organisational change has taken place as a cooperation with and guidance from an external provider of consultancy services. In the future the Company also expects to develop its organisation and strategy in cooperation with external consultants in order to ensure that the Company reaches its goal of a stable and profitable growth.

# Management's review




## Group structure

The Group consists of approximately 300 wholly or partly owned subsidiaries and associated companies in a range of countries. The general group structure is shown below with the solar and wind activities in separate companies. The number of subsidiaries places the Group among the 10 largest in Denmark measured by the number of consolidated entities.

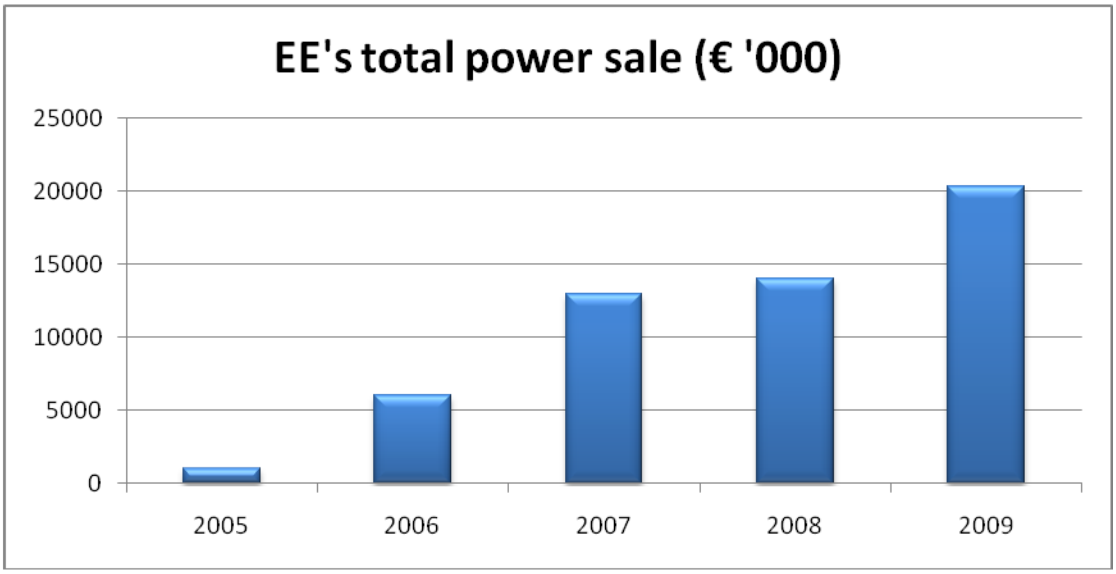


# Management's review

## Revenue and results for 2009

In 2009 European Energy A/S' own share of the energy sales in subsidiaries and associated companies amounted to EUR 20.3 million (DKK 151 million), which is a new record. The energy sales from wind activities have risen slightly less than expected which is due to a poor wind year in Germany, whereas the wind year in Italy was satisfactory. The energy sales from the solar activities went up slightly more than expected. This is due to the fact that the majority of the solar activities had a full operating year in 2009 and was favoured by more sun during the year than expected. In total the Group's increase in energy sales is 45%, including energy sales in associated companies.

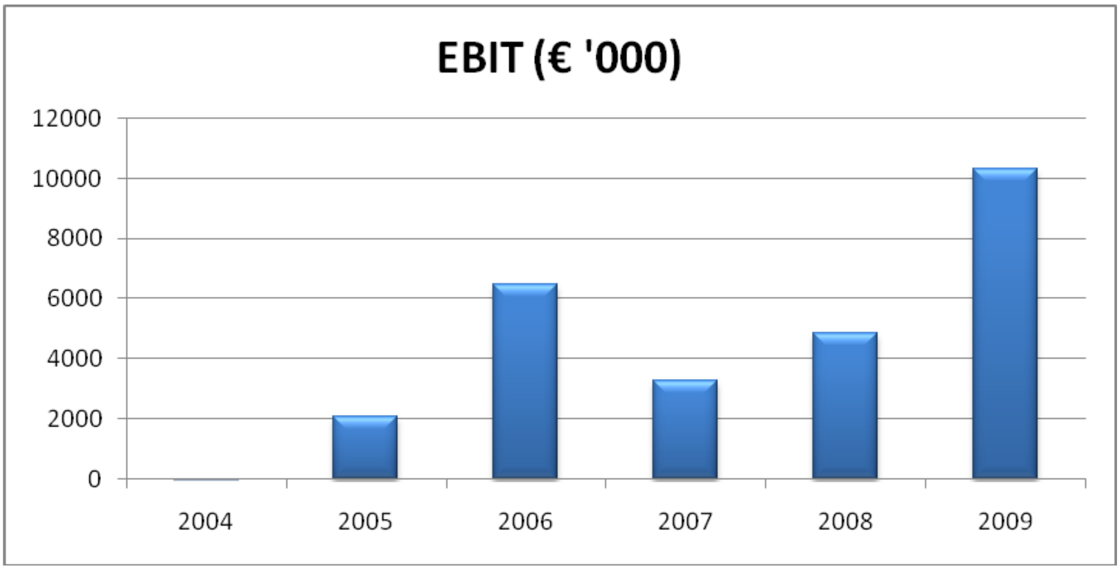
# Management's review




The second parameter crucial to revenue is divestment of assets. In 2009 assets in the amount of EUR 15.7 million (DKK 116.8 million) were divested, approximately 40% less than the previous year.

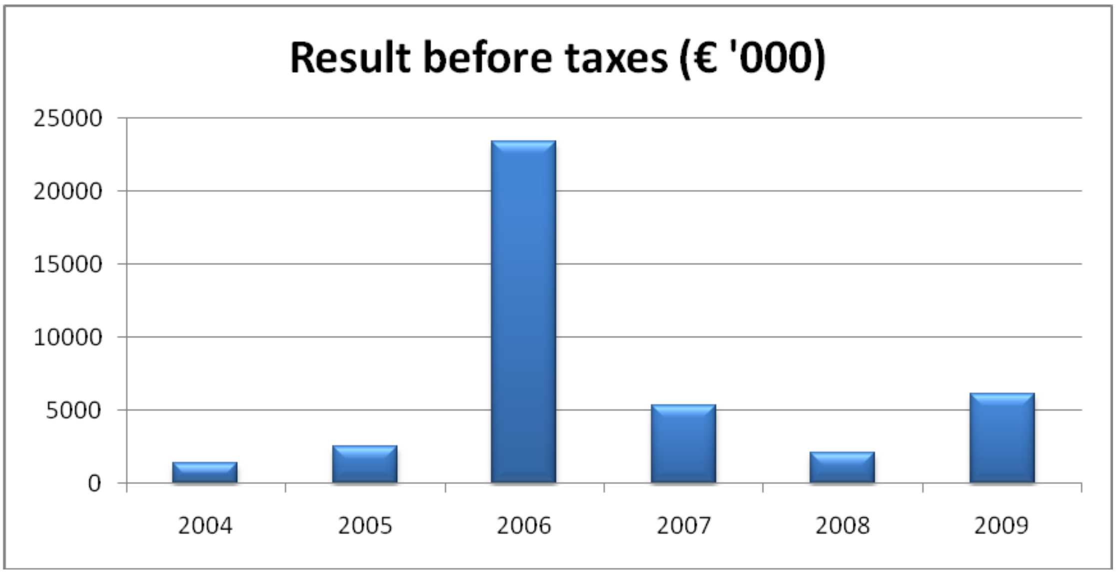
The Group revenue amounted to EUR 28.7 million (DKK 213.4 million), which is considered satisfactory. In the Group revenue only energy sales deriving from companies owned more than 50% are included.

The EBIT (Result before financial items and taxes) for 2009 amounted to EUR 10.3 million (DKK 77.0 million), which is an all time high for the Company.



# Management's review

In 2009 the Group achieved a result before tax of EUR 6.1 million (DKK 45.5 million), which is considered satisfactory considering the macroeconomic situation. (The results for 2006 are significantly affected by a gain from the sale of investments in a subsidiary amounting to EUR 18.4 million).

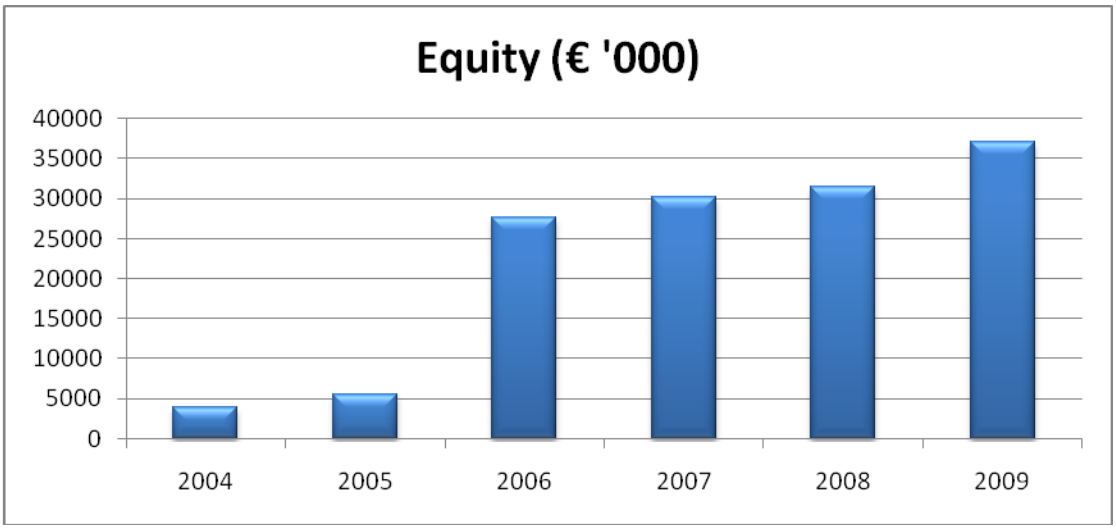



The enhanced focus on development activities has meant an increase in the general cost level. This is among other things a consequence of a staff increase and higher ongoing expenses for project development than previously, which is due to the fact that in connection with in-house development a great part of the development expenses are accounted concurrently, whereas development expenses in connection with fully developed projects are not accounted until the acquisition time of the projects. This is, however, compensated by higher earnings on in-house development as opposed to fully developed projects.

# Management's review

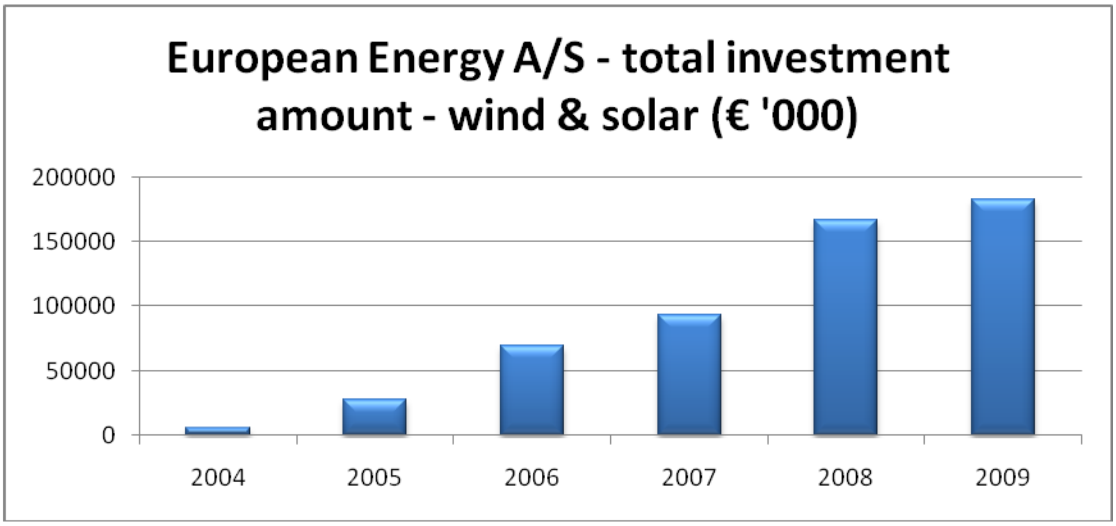
## Equity development

At the end of the financial year, equity amounted to EUR 37.0 (DKK 275.2 million). The equity development for European Energy A/S is shown below.




## Financial development in energy assets

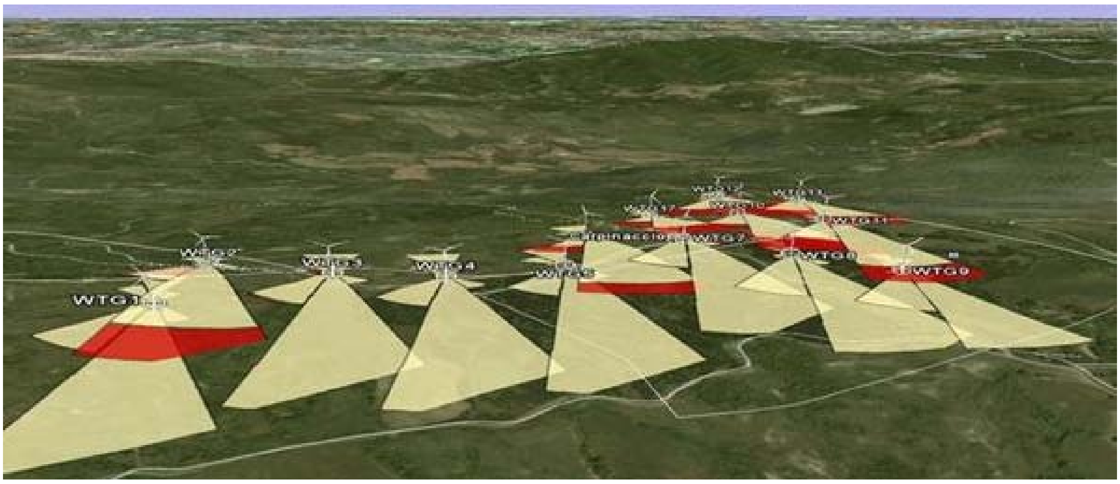
The development in the energy assets is the most significant parameter for the future energy sale and thereby essential to future revenue and earnings. At the end of 2009, European Energy A/S owned wind farms and solar power plants – including associated companies – at an acquisition price of EUR 182.6 million (DKK 1,360.4 million). The carrying amount of these assets was EUR 163.0 million (DKK 1,214.4 million).



# Management's review

## Wind energy activities

In 2005 European Energy A/S began to develop its own projects through the subsidiary European Wind Farms A/S. The subsidiary develops these projects until they are put into operation, at which point the parent company takes over the projects, possibly together with a financial partner. European Wind Farms A/S has the technical competencies inhouse to develop wind farms, which has proved a great advantage, particularly in less mature wind markets.



### Acquisition of European Wind Farms A/S

In 2006 European Energy A/S divested 50.25% of European Wind Farms A/S to an external investor. This shareholding has now been repurchased and European Energy A/S now owns the subsidiary 100%. The acquisition has a range of positive effects both on the Group's wind pipeline and the previously mentioned organisational optimisation. In connection with the repurchase of European Wind Farms A/S, the Company received a grant towards running costs from A4 Invest ApS in the amount of EUR 2.0 million (DKK 14.9 million).

# Management's review

## Wind farms put into operation

Since 2004 European Energy A/S has built a large portfolio of wind farms primarily in Germany.

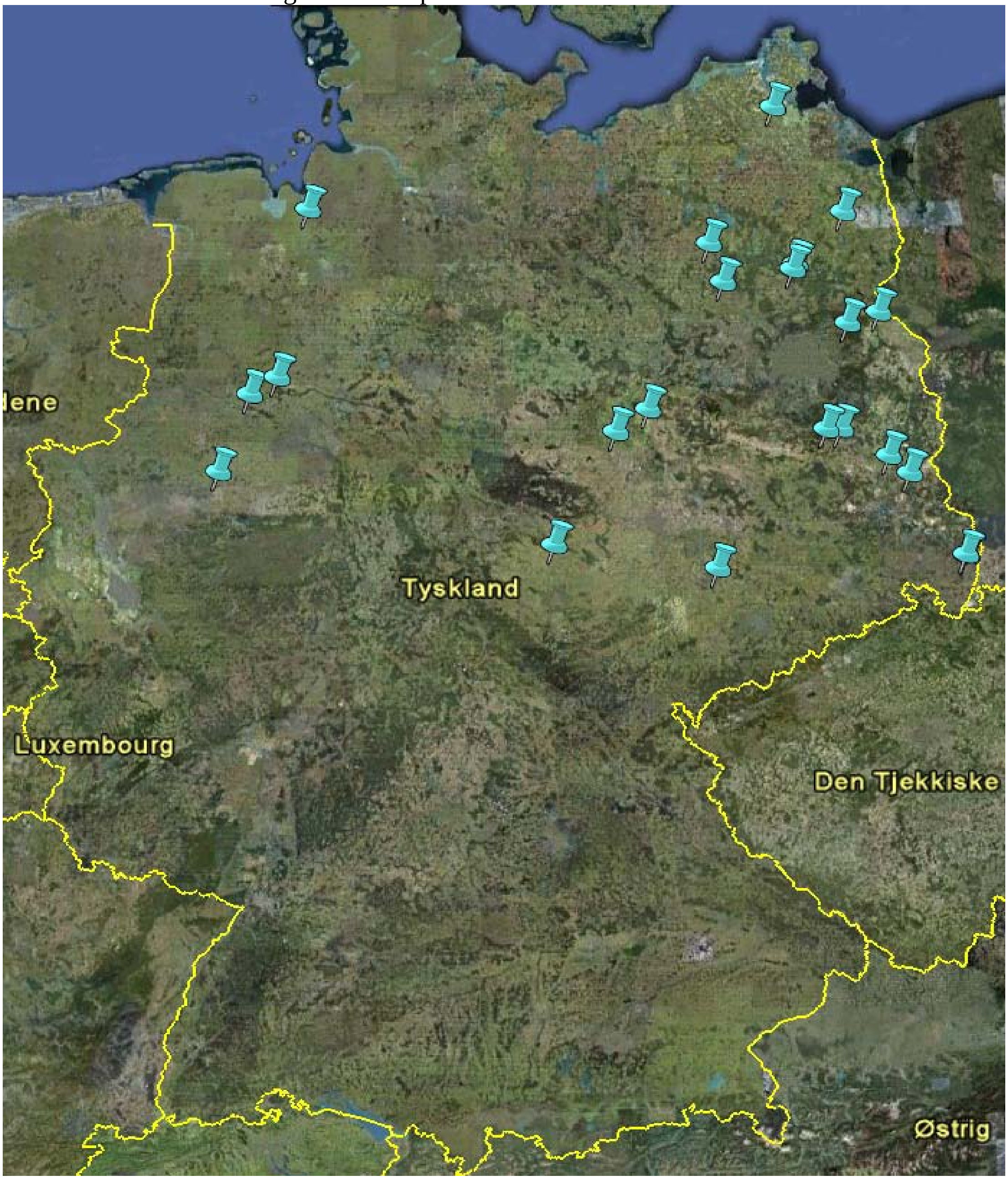
In the calendar year the Group's net portfolio expanded from 86MW in 2008 to 99.2MW corresponding to an increase in MW of 15% at the end of 2009.

An outline is seen below of all farms in which the Company has ownership shares at the end of 2009 – either via in-house development within the Group or via acquisition.

| Country | Project | No. of wind turbines | Total MW | EE share | EE MW |
|---|---|---|---|---|---|
| Bulgaria | Krupen | 4 | 12.0 | 100% | 12.0 |
| Germany | Altlandsberg | 6 | 12.0 | 68% | 8.1 |
| Germany | Auras I - IV | 4 | 8.0 | 5% | 0.4 |
| Germany | Bad Iburg | 3 | 6.1 | 25% | 1.5 |
| Germany | Bönen | 4 | 8.0 | 50% | 4.0 |
| Germany | Brake | 1 | 2.0 | 100% | 2.0 |
| Germany | Dessow | 2 | 3.0 | 22% | 0.7 |
| Germany | Eichow | 6 | 12.0 | 48% | 5.7 |
| Germany | Gommern | 13 | 26.0 | 7% | 1.9 |
| Germany | Greussen | 11 | 22.0 | 36% | 7.9 |
| Germany | Güstow | 1 | 0.6 | 100% | 0.6 |
| Germany | Kasel-Golzig | 2 | 4.0 | 50% | 2.0 |
| Germany | Mildenberg | 4 | 8.0 | 68% | 5.4 |
| Germany | Nielitz | 5 | 10.0 | 50% | 5.0 |
| Germany | Ottenhausen | 8 | 16.0 | 8% | 1.3 |
| Germany | Schäcksdorf | 6 | 12.0 | 40% | 5.0 |
| Germany | Sohland II | 3 | 6.0 | 37% | 2.2 |
| Germany | Thräna | 3 | 6.0 | 22% | 1.3 |
| Germany | Timpberg 9 + 10 | 2 | 4.0 | 50% | 2.0 |
| Germany | Unseburg-Löderburg | 9 | 18.0 | 50% | 9.0 |
| Germany | Wittstock-Papenbruch I - III | 7 | 7.2 | 50% | 3.6 |
| Germany | Wriezener Höhe | 13 | 26.0 | 50% | 13.0 |
| Italy | Vitalba | 7 | 6.0 | 77% | 4.6 |
| Total | | 124.0 | 234.9 | | 99.2 |

# Management's review

The German share of the farms in which the Group has ownership shares at the end of 2009 are shown below in a Google Earth map:

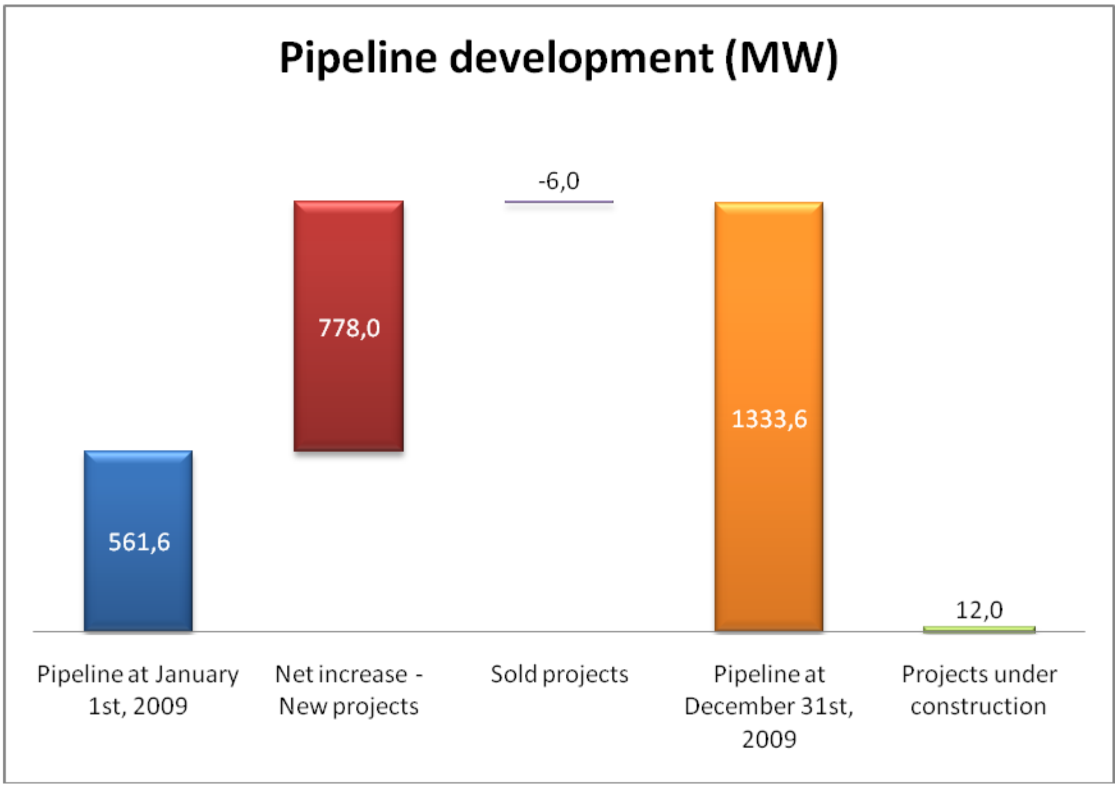


# Management's review

## Pipeline development

In the course of 2009 European Energy A/S more than doubled its wind pipeline. The most significant factor in this regard was the acquisition of 50.25% of the shares in European Wind Farms A/S which means that the entire wind pipeline now goes to the Group against 50% previously. The pipeline belonging to European Wind Farms A/S was, however, also expanded by 217MW in the calendar year, primarily in Northern Europe.

In total, the wind pipeline was expanded from 561MW in 2008 to 1,334MW in 2009 – corresponding to a 138% increase. The development is shown in the chart below.



# Management's review

## Solar energy activities

The Group has been active within photovoltaic based solar energy since 2006. In 2008 the first solar power plant came into operation, marking the beginning of the realisation of another 6 plants in the course of 2008.



## Solar power plants put into operation, Spain

Until the end of the year, the Company had realised approximately 10.6 MWp in Spain, of which 8.7MWp is owned by the Group. An outline of all projects put into operation is seen below as well as the project Plasticueros which was under construction at year-end.

| Country | Project | Total MW | EE share | EE MW |
|---|---|---|---|---|
| Spain | Beniarbeig | 2.0 | 58% | 1.1 |
| Spain | L'Olleria | 1.5 | 100% | 1.5 |
| Spain | Campllong | 1.1 | 40% | 0.4 |
| Spain | Ocaña | 1.2 | 94% | 1.1 |
| Spain | Villanueva | 2.4 | 100% | 2.4 |
| Spain | Monovar | 2.0 | 100% | 2.0 |
| Spain | Garbantex | 0.2 | 0% | 0.0 |
| Spain | Plasticueros | 0.2 | 100% | 0.2 |
| Total | | 10.6 | | 8.7 |

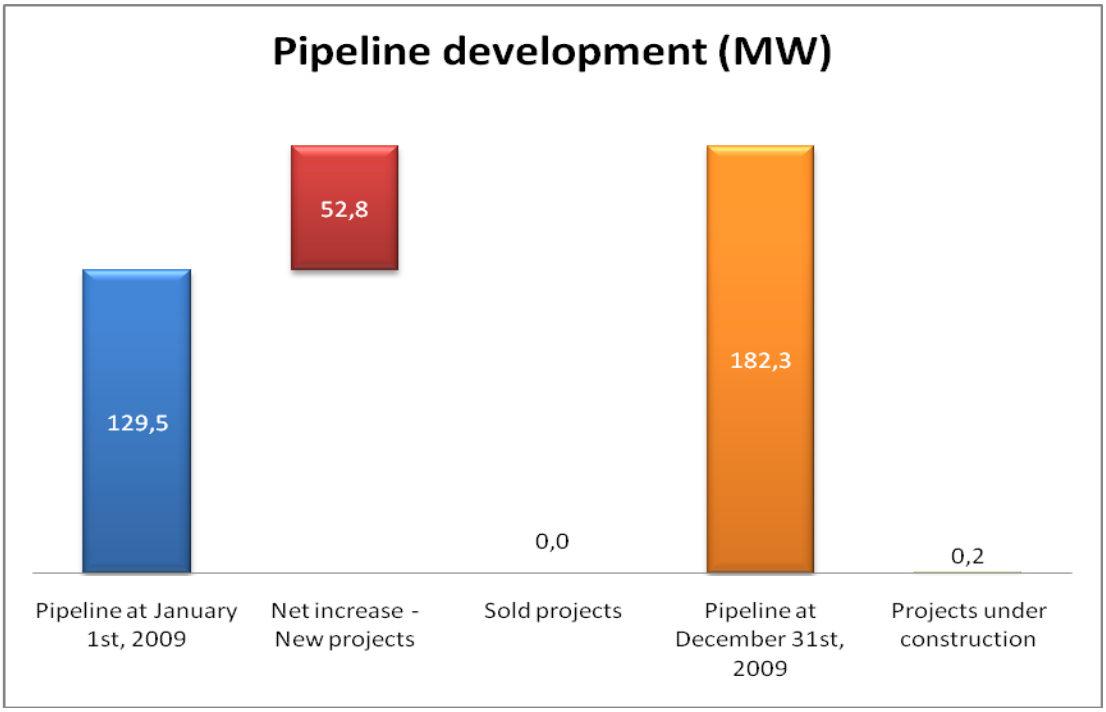
The Spanish solar power plants are shown on the following page in a Google Earth map.

# Management's review

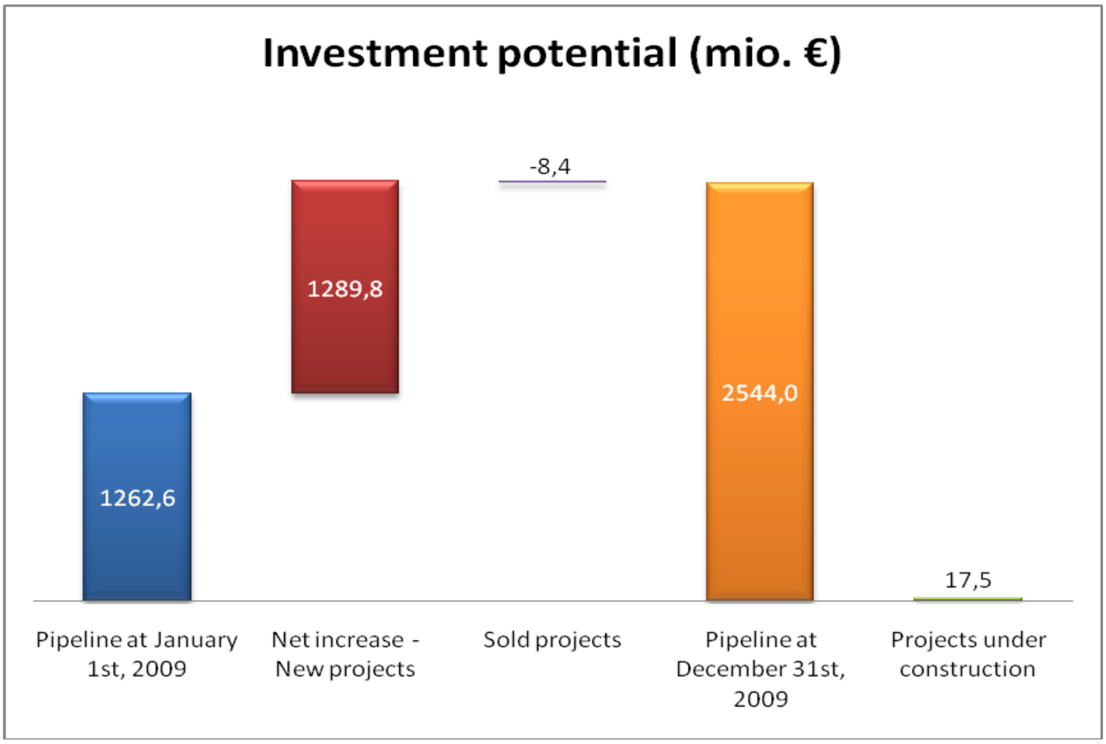

## Pipeline development

2009 was influenced by a considerable expansion of the project pipeline by nearly 41%. A larger part of the solar development pipeline is close to obtaining building permits at year-end, which is primarily because the development time for solar projects is in general shorter than for wind projects.

# Management's review




With the considerable development in the Company's wind and solar project development pipeline, the Group has more than doubled the Company's investment potential which at year-end amounted to EUR 2,544.0 million (DKK 18,952.8 million). The considerable price drop in the calendar year for the building of solar power plants has been considered in the computation. Even with a normal loss of projects during the project development progress, the Company's investment potential for the coming years is significant, for which reason financial partnerships will be entered into with a range of partners.



# Management's review

## Post balance sheet events

During the first five months of 2010 the Company has already been able to harvest some of the fruits of the work performed in prior years. Hence, during 2010 building permits have been granted for a range of wind and solar projects.

Up to and including May 2010, building permits have been granted for the following wind projects:

- Carpinaccio 17 turbines of 800KW corresponding to 13.6MW
- Lajatico 10 turbines of 2MW corresponding to 20MW
- Riparbella 10 turbines of 2MW corresponding to 20MW

All projects are situated in Tuscany, Italy. The Company expects to negotiate supplier contracts and financing in 2010 in order that construction can be commenced by the expiry of 2010 or early in 2011.

After five years' work a grid connection agreement has finally been entered in Poland for 111MW in Chochevo. An important precondition to realise a total of approximately 180MW in the Baltic region of Poland has thus been fulfilled.

In consequence of improved purchasing conditions from suppliers and good financing opportunities, the profitability of these new projects is expected to be satisfactory.

Until May 2010 building permits have been obtained for the following solar projects:

- Caposele 4.2MW
- Persano 1.9MW
- Fauglia 1MW
- Vicopisano 1MW
- Cascina I 1MW
- Bientina 1MW
- Ibiza 230kW
- La Pobla 290kW

The Italian projects Caposele and Persano are situated in Calabria, whereas Fauglia, Vicopisano, Cascina I and Bietana are situated in Tuscany. All Italian projects have been granted Autorizatione Unica as well as final grid connection and are thereby ready for construction.

# Management's review

Ibiza and La Pobla are situated in Spain. The above mentioned projects are expected to be built in the course of 2010. The financing is expected to be made primarily with Italian and German banks with whom the Company at present has already had the initial discussions.

The Company expects divestment in 2010 of a part of the wind and solar projects, so that the Group will end up owning around 25% - 75% of the projects. A divestment of the wind and solar projects is expected to positively contribute to the consolidated results for 2010.

# Management's review

## Outlook

Renewable energy has proved to be one of the industries that came relatively safely through the current financial crisis and which continues a high global growth – at a lower speed than previously, however. The Company expects to commence the realisation of between 30 and 60MW within wind in 2010 based on the obtained building permits. Within the solar energy area between 10 and 15MW are expected to be built. The precise number of MW to be constructed is however highly dependent on when the last necessary building permits are obtained – in addition to the 11MW for which building permits have been obtained.

## Results

In 2010 results in line with 2009 are expected. A range of primary parameters shall ensure that consolidated earnings will meet the 2009 level;

- Partial sale of a range of operational assets in Germany and Spain
- Partial sale of projects ripe for development in Italy
- A reasonable grant towards operating costs from the consolidated operational assets
- The political attitude in Europe towards renewable energy remains positive.

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

## Accounting policies

The annual report of European Energy A/S for 2009 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 2009 constitutes 7.44 (7.45 at 31 December 2008).

In consequence of an amendment to the Danish Financial Statements Act, the recognition of investments in subsidiaries and associated enterprises has been changed in the income statement.

The Company's investments in subsidiaries and associated enterprises were hitherto recognised in two separate items in the income statement divided between profit before tax and tax on profit for the year.

From now on investments in subsidiaries and associated enterprises are recognised in one item as profit after tax. Comparative figures from prior years have been adjusted to the changed classification.

In addition to this, a few reclassifications have been made to the comparative figures for 2008 in the balance sheet and cash flow statement.

Apart from the above, the accounting policies applied 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 and parent company financial statements for the period 1 January – 31 December

## Accounting policies

### 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.

Receivables, 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 financial statements is recognised in the income statement as financial income or financial expenses.

### Consolidated financial statements

The consolidated financial statements comprise the parent company, European Energy A/S, and subsidiaries in which European Energy 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.

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.

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

## Accounting policies

### 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.

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.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised as other receivables or payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised directly in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the results.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement.

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

## Accounting policies

## 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 power plants as well as the carrying amount at the sales date of sold power plants.

### 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.

### 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.

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

## Accounting policies

### 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.

#### *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.

### Development projects

Development projects comprise costs, wages and salaries, and amortisation directly or indirectly attributable to the company's development activities.

Development projects which are clearly defined and identifiable, where the technical feasibility, adequate resources and a potential future market or development possibilities

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

## Accounting policies

within the enterprise can be identified and where it is the intention to produce, market or use the project, are recognised as intangible assets when cost can be reliably measured and there is sufficient certainty that the future earnings will cover the costs for production, sale, administration and development. Other development costs are recognised in the income statement as they are defrayed.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment.

Upon the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 10 years and does not exceed 20 years.

### 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 |
| Solar power plants | 40 years |
| Fixtures and fittings, tools and equipment | 3-5 years |

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

Gains and losses on the disposal of wind turbines and solar power plants are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The sales value of the power plants is recognised as revenue and the carrying amount at the date of disposal is recognised in the item direct costs.

Gains and losses on the disposal of fixtures and fittings, tools 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 and deduction of goodwill amortisation. 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 with the parent company's share of the negative net asset value if the amount owed is irrecoverable. If the negative net asset value exceeds receivables, the remaining amount is recognised as provisions. 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.

Upon disposal of investments in subsidiaries and associated enterprises established with a view to the resale of power plants, the sales price less expected sales expenses is recognised as revenue and the carrying amount of the investment at the time of disposal is recognised as direct costs in the income statement.

Gains or losses on disposal of other 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 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.

### Receivables

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

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

## Accounting policies

### 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.

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.

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.

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.

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

## Accounting policies

### 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.

### 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 | $\frac{\text{Profit after tax x 100}}{\text{Average equity}}$ |

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

## Income statement

| | | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| EUR'000 | Note | 2009 | 2008 | 2009 | 2008 |
| Revenue | 1 | 28,678 | 32,046 | 2,987 | 11,148 |
| Direct costs | | -14,935 | -23,579 | -1,354 | -9,568 |
| **Gross profit** | | 13,743 | 8,467 | 1,633 | 1,580 |
| Staff costs | 2 | -1,621 | -845 | -508 | -262 |
| Other external costs | | -1,327 | -1,002 | -226 | -155 |
| Depreciation and impairment | 7,8 | -3,562 | -1,781 | -41 | -30 |
| **Ordinary operating profit** | | 7,233 | 4,839 | 858 | 1,133 |
| Separate items | 3 | 3,106 | 0 | 3,106 | 0 |
| **Profit before financial items** | | 10,339 | 4,839 | 3,964 | 1,133 |
| Profit in subsidiaries before tax | 9 | 0 | 0 | 1,306 | 1,194 |
| Profit in associates | 10 | -398 | 361 | 458 | -8 |
| Financial income | 4 | 2,413 | 2,559 | 2,115 | 1,951 |
| Financial expenses | 5 | -6,239 | -5,612 | -1,860 | -2,886 |
| **Profit for the year before tax** | | 6,115 | 2,147 | 5,983 | 1,384 |
| Tax on profit for the year | 6 | -146 | -589 | -337 | -42 |
| **Profit for the year** | | 5,969 | 1,558 | 5,646 | 1,342 |
| Minority share holders' share of profit for the year | | -323 | -216 | 0 | 0 |
| **The Group's share of profit for the year** | | 5,646 | 1,342 | 5,646 | 1,342 |

## Proposed profit appropriation

| | | |
|---|---|---|
| Reserve for net revaluation according to the equity method | 1,764 | 1,186 |
| Retained earnings | 3,882 | 156 |
| | 5,646 | 1,342 |

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

## Balance sheet

| | | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| EUR'000 | Note | 2009 | 2008 | 2009 | 2008 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| **Intangible assets** | 7 | | | | |
| Goodwill | | 520 | 185 | 175 | 185 |
| Other rights | | 816 | 871 | 0 | 0 |
| Development projects | | 1,324 | 121 | 0 | 0 |
| | | 2,660 | 1,177 | 175 | 185 |
| **Property, plant and equipment** | 8 | | | | |
| Wind turbines | | 40,864 | 28,932 | 0 | 0 |
| Solar power plants | | 59,395 | 44,079 | 0 | 0 |
| Fixtures and fittings, tools and equipment | | 205 | 69 | 149 | 60 |
| Property, plant and equipment under construction | | 20,411 | 924 | 0 | 0 |
| | | 120,875 | 74,004 | 149 | 60 |
| **Investments** | | | | | |
| Investments in subsidiaries | 9 | 0 | 0 | 26,079 | 9,940 |
| Investments in associates | 10 | 17,696 | 23,664 | 9,736 | 15,809 |
| Other investments | | 2,559 | 510 | 418 | 446 |
| Amounts owed by subsidiaries | 11 | 0 | 0 | 16,506 | 12,874 |
| Amounts owed by associates | 11 | 4,932 | 13,085 | 1,101 | 1,814 |
| Other receivables | 12 | 8,631 | 4,735 | 0 | 0 |
| | | 33,818 | 41,994 | 53,840 | 40,883 |
| **Total non-current assets** | | 157,353 | 117,175 | 54,164 | 41,128 |
| **Current assets** | | | | | |
| **Receivables** | | | | | |
| Trade receivables | | 10,357 | 4,246 | 217 | 172 |
| Amount owed by parent company | | 8,547 | 10,905 | 9,072 | 10,905 |
| Corporation tax receivable | | 293 | 1,114 | 141 | 1,114 |
| Other receivables | | 11,399 | 10,838 | 1,702 | 3,209 |
| Prepayments | | 416 | 225 | 46 | 15 |
| | | 31,012 | 27,328 | 11,178 | 15,415 |
| **Securities** | | 17 | 2,281 | 3,751 | 6,019 |
| **Cash at bank and in hand** | | 10,082 | 13,163 | 26 | 592 |
| **Total current assets** | | 41,111 | 42,772 | 14,955 | 22,026 |
| **TOTAL ASSETS** | | 198,464 | 159,947 | 69,119 | 63,154 |

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

## Balance sheet

| | | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| EUR'000 | Note | 2009 | 2008 | 2009 | 2008 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and reserves** | 13 | | | | |
| Share capital | | 1,340 | 1,340 | 1,340 | 1,340 |
| Reserve for net revaluation according to the equity method | | 0 | 0 | 16,608 | 10,943 |
| Retained earnings | | 35,648 | 30,128 | 19,040 | 19,185 |
| **Total capital and reserves** | | 36,988 | 31,468 | 36,988 | 31,468 |
| **Minority interests** | 14 | 3,624 | 2,489 | 0 | 0 |
| **Provisions** | | | | | |
| Deferred tax | 15 | 3,042 | 2,748 | 1,136 | 1,747 |
| **Liabilities other than provisions** | | | | | |
| **Non-current liabilities other than provisions** | | | | | |
| Liabilities from issuance of bonds | 16 | 9,362 | 9,362 | 0 | 0 |
| Mortgage credit institutions | 16 | 71,755 | 30,008 | 910 | 0 |
| Other payables | | 5,037 | 0 | 1,613 | 0 |
| | | 86,154 | 39,370 | 2,523 | 0 |
| **Current liabilities other than provisions** | | | | | |
| Amount owed to mortgage credit institutions | 16 | 51,895 | 62,704 | 17,556 | 19,814 |
| Trade payables | | 5,094 | 6,344 | 68 | 84 |
| Amount owed to affiliates | | 0 | 0 | 6,811 | 5,088 |
| Amount owed to associates | | 295 | 4,323 | 0 | 4,177 |
| Other payables | | 11,372 | 10,501 | 4,037 | 776 |
| | | 68,656 | 83,872 | 28,472 | 29,939 |
| **Total liabilities other than provisions** | | 154,810 | 123,242 | 30,995 | 29,939 |
| **TOTAL EQUITY AND LIABILITIES** | | 198,464 | 159,947 | 69,119 | 63,154 |

| | |
|---|---|
| Mortgages and security | 17 |
| Contractual obligations and contingencies | 18 |
| Related party disclosure | 19 |

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

## Cash flow statement

| | Consolidated | |
|---|---|---|
| EUR'000 | 2009 | 2008 |
| Operating profit | 7,233 | 4,839 |
| Adjustment for non-cash operating items, etc.: | | |
| Depreciation etc. | 3,562 | 1,781 |
| Cash generated from operations (operating activities) before changes in working capital | 10,795 | 6,620 |
| Changes in wind farm projects under construction | 0 | 0 |
| Changes in receivables | 4,582 | -11,782 |
| Other changes in current liabilities | -12,534 | 13,516 |
| Cash flows from operating activities | 2,843 | 8,354 |
| Interest income etc., received | 2,413 | 2,530 |
| Interest expense etc., paid | -6,202 | -4,752 |
| Cash flows from ordinary activities before tax | -946 | 6,132 |
| Corporation tax paid | 1,262 | -1,093 |
| **Cash flows from operating activities** | 316 | 5,039 |
| Acquisition of intangible assets | -573 | -121 |
| Acquisition of property, plant and equipment | -8,840 | -53,763 |
| Disposal of property, plant and equipment | 9,215 | 15,621 |
| Acquisition of investments and securities | -9,333 | -19,267 |
| Disposal of investments and securities | 1,638 | 1,780 |
| Dividends | 800 | 0 |
| **Cash flows from investing activities** | -7,093 | -55,750 |
| Increase in non-current liabilities with mortgage credit institutions | 41,741 | 1,631 |
| Change in current liabilities with mortgage credit institutions | -38,728 | 51,162 |
| Minority shareholders' share of capital increase in subsidiary | 683 | 1,539 |
| Dividends paid to shareholders | 0 | 0 |
| **Cash flows from financing activities** | 3,696 | 54,332 |
| **Net cash flows for the year** | -3,081 | 3,621 |
| Cash and cash equivalents at 1 January | 13,163 | 9,542 |
| **Cash and cash equivalents at 31 December** | 10,082 | 13,163 |

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 to the financial statements

| | | Consolidated | | Parent company | |
|---|---|---|---|---|---|
| | EUR'000 | 2009 | 2008 | 2009 | 2008 |
| **1** | **Revenue** | | | | |
| | Sale of power plants | 15,693 | 26,073 | 1,502 | 11,087 |
| | Income from operation of power plants | 11,463 | 5,912 | 0 | 0 |
| | Other income | 1,522 | 61 | 1,485 | 61 |
| | | 28,678 | 32,046 | 2,987 | 11,148 |
| **2** | **Staff costs** | | | | |
| | Wages and salaries | 1,552 | 813 | 461 | 255 |
| | Pensions | 0 | 0 | 0 | 0 |
| | Other social security costs | 20 | 7 | 7 | 2 |
| | Other staff costs | 49 | 25 | 40 | 5 |
| | | 1,621 | 845 | 508 | 262 |
| | Average number of employees | 35 | 12 | 11 | 4 |

With reference to section 98 b, subsection 3 (2) of the Danish Financial Statements Act, emoluments to the Supervisory and Executive Boards are not disclosed.

### 3 Separate items

Separate items relate to the termination of the cooperation with a former business partner concerning the development of wind energy projects and the ownership of European Wind Farms A/S with a total of EUR 1,106 thousand (net) as well as a grant towards running costs provided by A4 Invest ApS to European Energy A/S as part of the termination of the cooperation and the ownership of European Wind Farms A/S in the amount of EUR 2,000 thousand.

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

## Notes to the financial statements

| | EUR'000 | Consolidated 2009 | Consolidated 2008 | Parent company 2009 | Parent company 2008 |
|---|---|---|---|---|---|
| 4 | **Financial income** | | | | |
| | Interest income, banks | 924 | 809 | 7 | 39 |
| | Interest income, affiliates and associates | 953 | 1,458 | 1,578 | 1,604 |
| | Interest income, bonds | 15 | 222 | 15 | 222 |
| | Exchange gains on securities | 452 | 0 | 452 | 0 |
| | Foreign exchange gains | 52 | 0 | 39 | 0 |
| | Dividends, shares | 0 | 2 | 0 | 2 |
| | Other financial income | 17 | 68 | 24 | 84 |
| | | 2,413 | 2,559 | 2,115 | 1,951 |
| 5 | **Financial expenses** | | | | |
| | Interest expenses, mortgage credit institutions | 5,749 | 3,616 | 1,064 | 907 |
| | Interest expenses, associates and affiliates | 94 | 205 | 728 | 680 |
| | Interest expenses, corporate bond | 328 | 558 | 0 | 0 |
| | Other interest expenses | 68 | 34 | 68 | 34 |
| | Exchange losses on securities | 0 | 659 | 0 | 847 |
| | Foreign exchange losses | 0 | 540 | 0 | 418 |
| | | 6,239 | 5,612 | 1,860 | 2,886 |
| 6 | **Tax on profit for the year** | | | | |
| | Tax on profit for the year | 33 | 53 | 222 | 0 |
| | Tax adjustment regarding prior years | 82 | -38 | 82 | 0 |
| | Adjustment for the year of deferred tax | 31 | 574 | 33 | 42 |
| | | 146 | 589 | 337 | 42 |

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

## Notes to the financial statements

### 7 Intangible assets

#### Consolidated

| EUR'000 | Goodwill | Other rights | Development projects | Total |
|---|---|---|---|---|
| Cost at 1 January 2009 | 218 | 1,090 | 121 | 1,429 |
| Additions on acquisition of investments | 407 | 0 | 663 | 1,070 |
| Additions | 00 | 0 | 572 | 572 |
| Disposals | 0 | 0 | -22 | -22 |
| Cost at 31 December 2009 | 625 | 1,090 | 1,334 | 3,049 |
| Amortisation and impairment at 1 January 2009 | -33 | -219 | 0 | -252 |
| Additions on acquisition of investments | -51 | 0 | 0 | -51 |
| Amortisation and impairment for the year | -21 | -55 | -10 | -86 |
| Disposals, amortisation and impairment | 0 | 0 | 0 | 0 |
| Amortisation and impairment at 31 December 2009 | -105 | -274 | -10 | -389 |
| **Carrying amount at 31 December 2009** | 520 | 816 | 1,324 | 2,660 |
| Amortisation period | 20 years | 20 years | 20 years | 20 years |

Other rights comprise rights to acquire and build wind farms. The rights are held by European Wind Farm No. 1 A/S.

#### Parent company

| EUR'000 | Goodwill |
|---|---|
| Cost at 1 January 2009 | 218 |
| Additions | 0 |
| Cost at 31 December 2009 | 218 |
| Amortisation and impairment at 1 January 2009 | -33 |
| Amortisation and impairment for the year | -10 |
| Amortisation and impairment at 31 December 2009 | -43 |
| **Carrying amount at 31 December 2009** | 175 |
| Amortisation period | 20 years |

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

## Notes to the financial statements

### 8 Property, plant and equipment

**Consolidated**

| EUR'000 | Wind turbines | Solar power plants | Fixtures and fittings, tools and equip-ment | Property, plant and equipment under con-struction | Total |
|---|---|---|---|---|---|
| Cost at 1 January 2009 | 34,137 | 44,387 | 104 | 924 | 79,552 |
| Transfer | 0 | 0 | 0 | -248 | -248 |
| Additions upon acquisition of investments | 21,841 | 12,107 | 105 | 16,879 | 50,932 |
| Additions | 359 | 5,682 | 128 | 2,912 | 9,081 |
| Disposals | -7,877 | -773 | 0 | -17 | -8,667 |
| Cost at 31 December 2009 | 48,460 | 61,403 | 337 | 20,450 | 130,650 |
| Depreciation and impairment at 1 January 2009 | -5,205 | -309 | -35 | 0 | -5,549 |
| Additions upon acquisition of investments | -646 | -94 | -42 | -26 | -808 |
| Depreciation and impairment for the year | -1,745 | -1,663 | -55 | -13 | -3,476 |
| Disposals | 0 | 58 | 0 | 0 | 58 |
| Depreciation and impairment at 31 December 2009 | -7,596 | -2,008 | -132 | -39 | -9,775 |
| **Carrying amount at 31 December 2009** | 40,864 | 59,395 | 205 | 20,411 | 120,875 |
| Depreciation period | 25 years | 40 years | 3-5 years | - | 3-5 years |

Financing expenses in the amount of EUR 507 thousand are recognised in the Group's property, plant and equipment.

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

## Notes to the financial statements
**Parent company**

| EUR'000 | Fixtures and fittings, tools and equipment |
|---|---|
| Cost at 1 January 2009 | 96 |
| Additions | 120 |
| Cost at 31 December 2009 | 216 |
| Depreciation and impairment at 1 January 2009 | -36 |
| Depreciation and impairment for the year | -31 |
| Depreciation and impairment at 31 December 2009 | -67 |
| **Carrying amount at 31 December 2009** | 149 |
| Depreciation period | 3-5 years |

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

## Notes to the financial statements

### 9 Investments in subsidiaries

| | Parent company | |
|---|---|---|
| EUR'000 | 2009 | 2008 |
| Cost at 1 January | 7,750 | 7,686 |
| Additions | 603 | 67 |
| Disposals | -68 | -3 |
| Transfer from associates | 915 | 0 |
| Cost at 31 December | 9,200 | 7,750 |
| Value adjustment at 1 January | 2,190 | 1,167 |
| Profit for the year | 1,306 | 1,194 |
| Hedging transactions | -165 | 0 |
| Transfer from associates | 7,771 | 0 |
| Value adjustment upon change in ownership share | 5,575 | 0 |
| Dividends | 0 | -203 |
| Reversed value adjustment at disposal | -51 | 32 |
| Other value adjustments | 22 | 0 |
| Value adjustment at 31 December | 16,648 | 2,190 |
| **Carrying amount at 31 December** | 25,848 | 9,940 |
| Investments in subsidiaries are recognised as follows: | | |
| Investments in subsidiaries | 26,079 | 9,940 |
| Set off against amounts owed by subsidiaries | -231 | 0 |
| | 25,848 | 9,940 |

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

## Notes to the financial statements

Investments in subsidiaries at 31 December 2009 can be specified as follows:

| Name | Ownership share at 31/12 2009 | Share of profit/loss for the year | Share of equity |
|---|---|---|---|
| European Wind Farm No. 1 A/S | 67.9% | 247 | 2,089 |
| European Wind Farm No. 2 A/S | 100.0% | 37 | 269 |
| European Energy Systems I ApS | 100.0% | 0 | 17 |
| European Energy Systems II ApS | 100.0% | -1,059 | -231 |
| European Solar Farms A/S | 77.7% | 268 | 5,743 |
| European Hydro Plants A/S | 100.0% | -54 | 1 |
| Enerteq ApS | 50.5% | 32 | 32 |
| Enerteq Vitalba ApS | 90.90% | 270 | 1,155 |
| European Wind Farms A/S (owned as of 1/7 2009) | 100.0% | 1,586 | 15,451 |
| EWF Deutschland GmbH, Germany | 100.0% | 0 | 120 |
| EWF Vier Sechs GmbH & Co. KG, Germany | 100.0% | -5 | 225 |
| Innovent Brake KG, Germany | 100.0% | -12 | 981 |
| Bond II Erste GmbH & Co. KG, Germany | 100.0% | -2 | -2 |
| Bond II Zweite GmbH & Co. KG, Germany | 100.0% | -2 | -2 |
| | | 1,306 | 25,848 |

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

## Notes to the financial statements

### 10 Investments in associates

#### Parent company

| EUR'000 | 2009 | 2008 |
|---|---|---|
| Cost at 1 January | 7,056 | 7,810 |
| Additions for the year | 4,083 | 225 |
| Disposals for the year | -448 | -897 |
| Transferred to subsidiaries | -915 | -82 |
| Cost 31 December | 9,776 | 7,056 |
| Value adjustment at 1 January | 8,753 | 9,028 |
| Profit for the year | 458 | -8 |
| Reversed value adjustment upon disposal | -12 | 40 |
| Dividends | -450 | -310 |
| Transferred to subsidiaries | -7,771 | 0 |
| Other adjustments | -1,018 | 3 |
| Value adjustment at 31 December | -40 | 8,753 |
| **Carrying amount at 31 December** | 9,736 | 15,809 |

Investments in associates at 31 December 2009 can be specified as follows:

| Name | Ownership share | Share of profit/loss for the year | Share of equity |
|---|---|---|---|
| European Wind Farms A/S (owned until 1/7 2009) | 49.75% | -308 | 0 |
| EWF Eins Zwei GmbH & Co. KG, Germany | 22.0% | 16 | 104 |
| EWF Eins Drei GmbH & Co. KG, Germany | 22.0% | 14 | 99 |
| EWF Eins Vier GmbH & Co. KG, Germany | 22.0% | 6 | 90 |
| EWF Eins Fünf GmbH & Co. KG, Germany | 24.0% | -35 | 120 |
| EWF Zwei Eins GmbH & Co. KG, Germany | 22.0% | -2 | 95 |
| EWF Drei Fünf GmbH & Co. KG, Germany | 22.0% | -28 | 768 |
| EWF Fünf Eins GmbH & Co. KG, Germany | 25.0% | 20 | 668 |
| EWF Fünf Vier GmbH & Co. KG, Germany | 50.0% | 38 | 385 |
| UW Nielitz GmbH & Co. KG, Germany | 50.0% | 283 | 2,631 |
| WP Wriezener Höhe GmbH & Co. KG, Germany | 50.0% | 329 | 3,837 |
| AW & Co. WEA Timpberg KG (9.), Germany | 50.0% | 12 | 467 |
| WP Timpberg GmbH & Co. Zehnte, Germany | 50.0% | 71 | 472 |
| EE Sieben Null GmbH & Co. KG, Germany | 50.0% | 38 | 0 |
| EWF Zwei Vier GmbH & Co. KG, Germany | 50.0% | 4 | 0 |
| | | 458 | 9,736 |

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

## Notes to the financial statements

### Consolidated

| EUR'000 | 2009 | 2008 |
|---|---|---|
| Cost at 1 January | 14,755 | 15,280 |
| Additions for the year | 5,484 | 748 |
| Transferred to subsidiaries | -935 | 0 |
| Transferred to other investments | 0 | -81 |
| Disposals for the year | -451 | -1,192 |
| Other adjustments | 349 | 0 |
| Cost at 31 December | 19,202 | 14,755 |
| Value adjustment at 1 January | 8,909 | 9,456 |
| Profit/loss for the year | -398 | 361 |
| Reversed value adjustment upon disposal | -15 | 93 |
| Transferred to other investments | 0 | 3 |
| Dividends | -800 | -1,004 |
| Transferred to subsidiaries | -7,750 | 0 |
| Other adjustments | -1,452 | 0 |
| Value adjustment at 31 December | -1,506 | 8,909 |
| **Carrying amount at 31 December** | 17,696 | 23,664 |

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

## Notes to the financial statements

Investments in associates at 31 December 2009 can be specified as follows:

| Name | Owner-ship share | Share of profit/loss for the year | Share of equity |
|---|---|---|---|
| **Associated enterprises - consolidated** | | | |
| European Wind Farms A/S (owned until 1/7 2009) | 49.75% | -308 | 0 |
| EWF Eins Zwei GmbH & Co. KG, Germany | 22.0% | 16 | 104 |
| EWF Eins Drei GmbH & Co. KG, Germany | 22.0% | 14 | 99 |
| EWF Eins Vier GmbH & Co. KG, Germany | 22.0% | 6 | 90 |
| EWF Eins Fünf GmbH & Co. KG, Germany | 24.0% | -35 | 120 |
| EWF Zwei Eins GmbH & Co. KG, Germany | 22.0% | -2 | 95 |
| EWF Drei Fünf GmbH & Co. KG, Germany | 22.0% | -28 | 768 |
| EWF Fünf Eins GmbH & Co. KG, Germany | 25.0% | 20 | 668 |
| EWF Fünf Vier GmbH & Co. KG, Germany | 50.0% | 38 | 385 |
| UW Nielitz GmbH & Co. KG, Germany | 50.0% | 283 | 2,631 |
| WP Wriezener Höhe GmbH & Co. KG, Germany | 50.0% | 329 | 3,837 |
| AW & Co. WEA Timpberg KG (9.), Germany | 50.0% | 12 | 467 |
| WP Timpberg GmbH & Co. Zehnte, Germany | 50.0% | 71 | 472 |
| EE Sieben Null GmbH & Co. KG, Germany | 50.0% | 38 | 0 |
| EWF Zwei Vier GmbH & Co. KG, Germany | 50.0% | 4 | 0 |
| EWF Eins Sechs GmbH & Co. KG, Germany | 50.0% | -41 | 245 |
| EWF Eins Sieben GmbH & Co. KG, Germany | 50.0% | -45 | 222 |
| EWF Eins Acht GmbH & Co. KG, Germany | 50.0% | -32 | 230 |
| EWF Eins Neun GmbH & Co. KG, Germany | 50.0% | -36 | 228 |
| EWF Zwei Null GmbH & Co. KG, Germany | 50.0% | -37 | 208 |
| EWF Zwei Acht GmbH & Co. KG, Germany | 50.0% | -24 | 155 |
| EWF Zwei Neun GmbH & Co. KG, Germany | 50.0% | -22 | 143 |
| BOREAS Windfeld Greussen GmbH & Co. KG, Germany | 35.7% | -298 | 1,929 |
| Windkraft Sohland GmbH & Co. KG, Germany | 37.1% | 19 | 700 |
| Windpark Unseburg Nord GmbH & Co. Betriebs KG, Germany | 50.0% | -198 | 2,781 |
| Zehnte Windpark Support GmbH & Co. KG, Germany | 50.0% | -140 | 1,071 |
| ESF Spanien 0201, S.L.U., Spain | 50.0% | 0 | 10 |
| ESF Spanien 0301, S.L.U., Spain | 35.0% | 0 | 32 |
| Sol-Teq srl, Italy | 50.0% | -1 | 4 |
| Reewf Srl., Italy | 50.0% | -1 | 2 |
| | | -398 | 17,696 |

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

## Notes to the financial statements

### 11 Amounts owed by subsidiaries and associates

Long-term receivables relate to the financing of project development costs in subsidiaries and associated enterprises. No particular conditions for repayment have been decided.

### 12 Other receivables

Other receivables recognised as investments are lending from proceeds from the issuing of bonds in the amount of EUR 5.9 million. The lending carries interest at a variable rate between 4 and 11% per year.

### 13 Capital and reserves

| **Consolidated**<br>EUR'000 | Share capital | Retained earnings | Total |
|---|---|---|---|
| Capital and reserves at 1 January 2009 | 1,340 | 30,128 | 31,468 |
| Profit for the year | 0 | 5,646 | 5,646 |
| Value adjustment of hedging instruments | 0 | -164 | -164 |
| Foreign currency adjustment | 0 | 38 | 38 |
| **Capital and reserves at 31 December 2009** | 1,340 | 35,648 | 36,988 |

| **Parent company**<br>EUR'000 | Share capital | Reserve for net revaluation according to the equity method | Retained earnings | Total |
|---|---|---|---|---|
| Capital and reserves at 1 January 2009 | 1,340 | 10,943 | 19,185 | 31,468 |
| Transfer as a result of additions at acquisition of investments | 0 | 4,027 | -4,027 | 0 |
| Profit for the year | 0 | 1,764 | 3,882 | 5,646 |
| Value adjustment of hedging instruments | 0 | -164 | 0 | -164 |
| Foreign currency adjustment | 0 | 38 | 0 | 38 |
| **Capital and reserves 31 December 2009** | 1,340 | 16,608 | 19,040 | 36,988 |

The share capital consists of nom. 10,000,000 shares, corresponding to EUR 1,340 thousand.

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

## Notes to the financial statements

### 14 Minority interests

| EUR'000 | Consolidated 2009 | Consolidated 2008 |
|---|---|---|
| Balance at 1 January | 2,489 | 734 |
| Minority interests' share of capital increases | 812 | 1,539 |
| Minority interests' share of profit for the period | 323 | 216 |
| | 3,624 | 2,489 |

### 15 Deferred tax

Deferred tax can mainly be ascribed to wind farm projects in German limited partnerships and to solar power plants in Spain.

### 16 Liabilities other than provisions

| **Consolidated** EUR'000 | Amount owed at 1/1 2009 | Total amount owed at 31/12 2009 | Non-current share of liabilities | Current share of liabilities | Outstanding amount after 5 years |
|---|---|---|---|---|---|
| Liabilities from issuance of bonds | 9,362 | 9,362 | 9,362 | 0 | 9,362 |
| Mortgage credit institutions | 92,712 | 123,651 | 71,755 | 51,895 | 42,422 |
| | 102,074 | 133,013 | 81,117 | 51,895 | 51,784 |
| **Parent company** | | | | | |
| EUR'000 | | | | | |
| Mortgage credit institutions | 19,814 | 18,466 | 910 | 17,556 | 0 |

### 17 Mortgages and security

Wind turbines and solar power plants at a carrying amount of EUR 120,670 thousand at 31 December 2009 have been pledged as security for the Group's debt to mortgage credit institutions in the amount of EUR 123,651 thousand. In addition to this, investments in certain associated enterprises as well as cash in bank and in hand have been pledged as security.

The parent company's securities deposit comprises bonds issued by subsidiary in the amount of EUR 3,737 thousand. The parent company's debt to mortgage credit institutions in the amount of EUR 18,446 thousand is secured upon the parent company's custody account. Further, certain investments in subsidiaries and associates have been pledged as security.

Further, the parent company has issued a guarantee under which the Company assumes primary liability for certain subsidiaries' debt to mortgage credit institutions.

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

## Notes to the financial statements

The parent company and certain of its subsidiaries have signed a letter of subordination to other creditors in German partnership companies, as the equity in the German partnership companies usually consists of granted loans. Furthermore, the distributions of profit/loss in the German partnership companies are contingent on a sufficient reserve being secured in the partnership companies in accordance with agreement with first mortgage financing credit institutions.

The parent company and a subsidiary have signed letters of support to provide the financial support necessary to Danish consolidated enterprises with negative equities. In 2010 the equities in these enterprises will be re-established through conversion of receivables to company capital.

### 18 Contractual obligations

As part of the termination of cooperation agreement with former shareholder of a subsidiary, it has been agreed that the former shareholder shall receive a success fee of EUR 20 thousand per MW for projects that come into operation or are sold to a third party in the period up to and including 31 December 2012. According to the agreement, a success fee of EUR 2.3 million is guaranteed

### 19 Related party disclosure

The following shareholders are registered in the Company's register of shareholders as owning a minimum of 5% of the votes or a minimum of 5% of the share capital:

European Energy Holding ApS (A4 Invest ApS), Peter Rørdams Vej 30, 2800 Kgs. Lyngby
Mikael Dystrup Pedersen, Vandstjernevej 36, 4600 Køge

### Other related parties

The Company’s other related parties comprise subsidiaries, associates as well as the Executive and Supervisory Boards.

### Related party transactions

In the financial year the Company purchased wind turbines from and paid administration fees to European Wind Farms A/S.

In the financial year the Company had intercompany balances with subsidiaries and associates. During the financial year interest has been paid in accordance with the arm's length principle.

Further, the Company has sold investments to the parent company and to the Company's management. The transactions have been carried out in accordance with the arm's length principle.