

# **European Energy A/S**

**Interim Financial Report**

**Second quarter 2015**

# European Energy Group

## Financial Review for Q2 2015

This quarterly report is the second financial report made using IFRS. All figures for the Group has at the adoption date January 1st 2014 been converted to IFRS. At the end of the report there is tables showing the remeasurements done according to IFRS 1.

EUR'000	Q2 2015	Q2 2014	H1 2015	H1 2014	2014
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### Key figures

Revenue	9,966	5,773	12,867	7,847	60,566
Profit after tax from equity accounted investments	37	-322	819	204	473
Other income	9	0	297	0	0
Direct costs	-5,437	-2,043	-6,488	-3,074	-44,931
Gross profit	4,575	3,408	7,495	4,977	16,108
EBITDA	2,931	1,796	4,432	1,971	10,695
Operating profit	2,557	1,391	3,685	1,162	9,097
Loss from financial income and expense	-748	-1,239	-1,358	-2,113	-4,899
<b>Profit/loss before tax</b>	<b>1,809</b>	<b>152</b>	<b>2,327</b>	<b>-951</b>	<b>4,198</b>
Tax	-1,905	-146	-1,868	178	-468
<b>The Group's share of profit for the year</b>	<b>-96</b>	<b>6</b>	<b>459</b>	<b>-773</b>	<b>3,730</b>

Total assets	208,199	168,636	208,199	168,636	201,802
<b>Equity</b>	<b>57,714</b>	<b>52,740</b>	<b>57,714</b>	<b>52,740</b>	<b>57,437</b>

Cash flows from operating activities	4,873	-4,012	-3,489	-2,987	-7,082
Net cash flows from investing activities	-3,794	69	-3,880	-2,231	-3,538
Cash flows from financing activities	-4,466	1,731	2,922	22,088	18,672
<b>Total cash flows</b>	<b>-3,387</b>	<b>-2,212</b>	<b>-4,447</b>	<b>16,870</b>	<b>8,052</b>

### Financial ratios

Gross margin	45,7%	62,5%	53,6%	61,8%	26,4%
Operating margin	25,5%	25,5%	26,4%	14,4%	14,9%
Equity ratio	27,7%	31,3%	27,7%	31,3%	28,5%
Return on equity	-0,2%	0,0%	0,8%	-1,5%	6,7%

Average number of full-time employees	48	47	49	45	46
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## Positive development in financials for the Group in Q2 2015

Revenue in operating activities came in at EUR 10,0m, EUR 4,2m or 73% above last year Q2. The Year To Date, YTD, revenue for the Group is now EUR 12,9m .

The sale of power compared to Q2 2014 has increased with 9 %. The increase in revenue is due to the recognition of revenue from construction activities within solar power plants, and the sale of a wind power plant in Denmark. For more info about the accounting principles for revenue recognition please look into disclosure 1.1. and the description in the Business model section.

Revenue in Wind ended up at EUR 7,2m. Total revenue 2014 amounted to EUR 14,3m.

Revenue in Solar ended up at EUR 4,9m. Total revenue 2014 amounted to EUR 49,0m.

The revenue in Q2 2015 relates to sale of electricity from power plants in Denmark and Spain, and from the construction of additional power plants in Denmark. The construction of the 2 UK power plants was concluded in Q1, and has in July been handed over to the buyer. There has been no added revenue recognition in Q2 from these sales. In Q1 the British Pound receivable lead to a unrealized currency gain of EUR 0,7m. This was increased with EUR 0,3m to a total of EUR 1,0m in Q2. Since the handover of the power plants were done in Q3, the major part of the currency gain were realized in July, securing the gain.

Q2 Operating Profit came in at EUR 2,6m, EUR 1,2m above last year as a consequence of both the very good wind conditions in Q2 2015, the construction revenue from solar power plants and the sale of a wind power plant in Denmark

The financial income was with EUR 0,7m EUR 0,4m better than last year. This is due to the recognition of EUR 0,3m of unrealized currency gains from the receivable in British pounds regarding the sale of two UK based solar energy plants. Apart from this the financial costs were slightly lower than last year with EUR 1,4m compared to EUR 1,6m in 2014.

Profit before tax ended up at EUR 1,8m, EUR 1,7m above last year.

The Tax for the period amounted to EUR 1,9. EUR 1,3m of the taxes relates to a correction of German income in 2006 and 2007.

### **Equity accounted investments:**

The majority of the joint ventures and associates of the group are operational selling electricity from either wind power or solar power. The solar power plants has delivered positive results due to the summer season. Also some of the wind power plants has delivered positive results even though the Q2 is budgeted to be a low producing quarter for wind. In disclosure 2.5 we have selected the most important operational associates and shown key figures from the PL and balance sheet.

### **Full-year expectations 2015**

Sale of electrical power from our operational assets is expected to be similar to 2014. Divestments of projects and project rights are expected to generate a profit at least equal to 2014.

## Management Review Q2 2015

### Divestment of Power Generating Assets

In Q2 2015 the Group has sold a part of a wind power plant in Denmark. The majority of the park was sold in 2013, and the construction were ongoing until Q2 2015, where this part of the park were handed over to the customer. The final handover resulted in an additional revenue recognition due to efficient construction and optimized wind conditions.

### Sale of Electrical Power

By the end of Q2 2015, our gross portfolio of power generating assets amounted to 362.9 MW of which 124.9 MW was owned by European Energy Group and the rest by investors and partners. Wind technology comprised 92% of our operational asset capacity, while the remaining 8% was in solar PV. The majority of our assets (82%) are located in Germany. The rest of our power generating assets are found in Denmark, Italy, Bulgaria and Spain.

Technology/Country	Gross capacity [MW]	Net capacity [MW]	Gross production [GWh]	Net production [GWh]
<b>Solar PV</b>	<b>15,1</b>	<b>10,4</b>	<b>6,4</b>	<b>4,3</b>
Denmark	2,4	2,4	1,0	1,0
Italy	1,0	0,5	0,4	0,2
Spain	11,7	7,5	5,0	3,1
<b>Wind</b>	<b>347,8</b>	<b>114,5</b>	<b>109,3</b>	<b>34,5</b>
Bulgaria	14,4	6,2	6,9	3,2
Germany	299,8	102,5	89,7	28,9
Italy	33,6	5,9	12,7	2,4
<b>Grand Total</b>	<b>362,9</b>	<b>124,9</b>	<b>115,7</b>	<b>38,9</b>

The total production in Q2 2015 of our power generating assets amounted to 38.9 GWh (up from 35.6 GWh in Q2 2014) corresponding to an increase of 3.3 GWh (9%) as compared to Q2 2014. The gross production amounted to 115.7 GWh.

### Solar PV

The total realised solar PV electrical power production in Q2 2015 was 92% of the expected production. The solar PV electrical power production compared to budget per country was:

- Denmark: 107%
- Italy: 109%
- Spain: 88% (The financial impact of the low production in Spain is limited as approximately 85% of the revenue from solar PV in Spain is independent of the realised production in kWh)

### Wind

The total realised wind electrical power production was 95% of the expected production. The wind electrical power production compared to budget per country was:

- Bulgaria: 98%
- Germany: 94%
- Italy: 105%

Power prices have generally been low in the second quarter of 2015 and will probably remain at the same level during the year. Due to PPAs and long-term subsidies, low power prices will have a limited effect on our profit from the sale of electrical power.

### **Asset Management**

Assets managed on behalf of third parties comprised 45 MW in Q2 2015. European Energy receives commercial management fees in exchange for our services.

### **Activities**

In the second quarter we finalized a number of projects in UK and Denmark. This has given time to start up new activities which in Denmark and Germany hopefully this will make the second half of 2015 as exiting and challenging as the first half.

### **The UK**

In the second quarter of 2015 we have finalized all tests and the outstanding works on the two solar parks. We received the base payment for the parks in July. The performance payments and last payments are expected to be received in 2016 and 2017.

We have in Q2 analyzed the tariff potential of our projects with building permits. We have decided to move ahead with 25 MW in three projects. We are expecting to build these in the second half of 2015 or potentially sell the project rights. For one project, sale of project rights was concluded in July. We have not yet fulfilled the CP's to the sale and therefore this sale is not yet final. We expect the sale to be finalized in Q3.

### **Denmark**

After a very long waiting period we in Q2 received the final decision that the PV plants build in 2013 and 2014 are eligible for the higher tariff according to the "overgangsordning".

We have concluded a sale of the last turbine in the St. Røttinge Park to a Danish buyer. We have also in the second quarter had financial close on all three turbines. Due to an updated powercurve and an efficient construction phase the profit from the sales has been higher than anticipated.

We have entered into an agreement with the project Måde consisting of 4 turbines. We hold a minority share of 47%. We have secured financing of the construction phase and we have ordered the turbines. This project will have the first commercial V164 turbines from Vestas. The turbines are expected to be taken into operation in 2015.

### **Germany**

We have in the second quarter ordered 5 turbines N117 from Nordex. The turbines are to be delivered in Q1 or Q2 2016. We have obtained a non-recourse financing facility for the construction phase with a German bank. For the 5 turbines we have entered into a sales option with a German utility.

Furthermore we have entered into a 50:50 partnership on the project "Mönchsrot" which consists of two Vestas V112 turbines. In this project we have also obtained financing facility and we have ordered the turbines in the second quarter. We expect the turbines to be erected in Q1 or Q2 2016.

### **Near-shore**

In the first half of 2014 we obtained pre-investigation permits from the Danish Energy Agency for two of the six project sites under the Danish Open Door program that EE has exclusivity for. The sites - Omø South and the Jammerland Bay - have a combined capacity of up to 560 MW and two

international partners participate in the co-development for each of the sites via separate JV companies. For each project the JV companies have concluded the Environmental Impact Assessment reports and handed these in to the Danish Energy Agency, DEA. We expect to obtain the building permits in late 2015 or beginning of 2016. Currently the project team is in close dialogue with potential suppliers and partners regarding construction planning.

Additionally we established and prequalified the 'European Energy Nearshore Consortium' in the official tender for 350 MW nearshore wind farms under the DEA at six potential sites in the inner Danish waters. The application was handed in on 26. May 2015 and the announcement of prequalification, among three prequalified including Vattenfall and a joint venture between WPD/HOFOR, was obtained 08. June 2015. The non-binding offer is due 20. October 2015 and the binding offer is due 04. April 2016.

### **Nordic Power Partners**

The projects in the pipeline of Nordic Power Partners have developed further in Q2 2015. While most of the projects are still in the early development stage, a few projects are maturing well. Of these the first pilot stage of our PV project on the Maldives is ready to be built. It is thus expected that commercial operation will commence at the end of the year.

## Consolidated statement of comprehensive income

For the quarter ended 30 June 2015

Unaudited		Q2 2015	Q2 2014	H1 2015	H1 2014	2014
Note	EUR'000					
1,1	Revenue	9.966	5.773	12.867	7.847	60.566
1,1	Profit after tax from equity accounted investments	37	-322	819	204	473
1,1	Other income	9	-	297	-	-
1,1	Direct costs	-5.437	-2.043	-6.488	-3.074	-44.931
	Gross profit	4.575	3.408	7.495	4.977	16.108
4,2	Staff costs	-1.168	-1.086	-2.115	-2.030	-3.471
4,3	Other external costs	-476	-526	-948	-976	-1.942
2,3	Depreciation & impairment	-374	-405	-747	-809	-1.598
	<b>Operating profit</b>	<b>2.557</b>	<b>1.391</b>	<b>3.685</b>	<b>1.162</b>	<b>9.097</b>
3,2	Finance income	658	315	1.491	605	1.024
3,2	Finance expenses	-1.406	-1.554	-2.849	-2.718	-5.923
	<b>Profit/loss before tax</b>	<b>1.809</b>	<b>152</b>	<b>2.327</b>	<b>-951</b>	<b>4.198</b>
4,1	Tax	-1.905	-146	-1.868	178	-468
	<b>Profit/loss for the period</b>	<b>-96</b>	<b>6</b>	<b>459</b>	<b>-773</b>	<b>3.730</b>
	<b>Attributable to:</b>					
	<b>Shareholders of the Company</b>	<b>-70</b>	<b>-60</b>	<b>529</b>	<b>-791</b>	<b>3.568</b>
	<b>Non-controlling interests</b>	<b>-26</b>	<b>66</b>	<b>-70</b>	<b>18</b>	<b>162</b>
	<b>Profit/loss for the period</b>	<b>-96</b>	<b>6</b>	<b>459</b>	<b>-773</b>	<b>3.730</b>
	<b>Statement of comprehensive income</b>					
	<b>Profit/loss for the period</b>	<b>-96</b>	<b>6</b>	<b>459</b>	<b>-773</b>	<b>3.730</b>
	<i>Items that may be reclassified to profit or loss</i>					
	Other comprehensive income of equity accounted investments net of tax	-170	-	-170		
	Value adjustments of hedging instruments transferred to profit or loss	-	-	-		-
	Value adjustments of hedging instruments, net of tax	318	-33	318	112	-331
	Exchange differences on translating foreign operations, net tax	-48	-35	-94	-3	113
	<b>Other comprehensive income for the period, net of tax</b>	<b>100</b>	<b>-68</b>	<b>54</b>	<b>109</b>	<b>-218</b>
	<b>Comprehensive income for the period</b>	<b>4</b>	<b>-62</b>	<b>513</b>	<b>-664</b>	<b>3.512</b>
	<b>Attributable to:</b>					
	<b>Shareholders of the Company</b>	<b>7</b>	<b>-56</b>	<b>561</b>	<b>-682</b>	<b>3.323</b>
	<b>Non-controlling interests</b>	<b>-3</b>	<b>-6</b>	<b>-48</b>	<b>18</b>	<b>189</b>
	<b>Comprehensive income for the period</b>	<b>4</b>	<b>-62</b>	<b>513</b>	<b>-664</b>	<b>3.512</b>

## Consolidated statement of financial position

As of 30 June 2015

Unaudited		Q2 2015	Q2 2014	31.12.2014
Note	EUR'000			
<b>ASSETS</b>				
<b>Non-current assets</b>				
	Goodwill	190	220	199
2,3	Property, Plant and equipment	48.557	53.651	51.440
2,5	Equity accounted investments	19.274	15.700	16.099
2,6	Other investments	3.588	3.270	3.551
	Loans to related parties	19.717	15.436	16.322
3,2	Trade receivables	9.479	12.613	6.689
3,2	Other receivables	7.819	8.360	8.394
4,1	Deferred tax	5.678	5.709	5.507
<b>Total non-current assets</b>		<b>114.302</b>	<b>114.959</b>	<b>108.201</b>
<b>Current assets</b>				
2,4	Inventories/project portfolio	20.590	11.405	12.585
3,2	Trade receivables	60.675	16.655	63.596
3,2	Other receivables	3.460	3.239	3.452
	Prepayments	291	232	640
	Cash and cash equivalents	8.881	22.146	13.328
	Total current assets	93.897	53.677	93.601
	<b>TOTAL ASSETS</b>	<b>208.199</b>	<b>168.636</b>	<b>201.802</b>
Consolidated statement of financial position				
As of 30 June 2015				



Unaudited		Q2 2015	Q2 2014	31.12.2014
Note	EUR'000			
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
	Share capital	1.340	1.340	1.340
	Share premium			
	Reserves			
	Retained earnings	54.112	49.546	53.551
	Equity attributable to owners of the Company	55.452	50.886	54.891
	Non-controlling interests	2.262	1.854	2.546
	<b>Total Equity</b>	<b>57.714</b>	<b>52.740</b>	<b>57.437</b>
<b>Liabilities</b>				
3,1	Liabilities related to the issue of bonds	51.885	51.775	51.750
3,1	Project financing	38.344	40.154	34.948
	Other debt regardig project portfolio	-	198	-
	Other debt to credit institutions	-	10	-
	Other debt relating to the acquisition of companies	1.479	4.466	1.991
4,1	Deferred tax	1.735	1.183	1.134
	<b>Total non-current liabilities</b>	<b>93.443</b>	<b>97.786</b>	<b>89.823</b>
3,1	Credit institutions	3.424	2.214	3.898
	Other debt relating to the acquisition of companies	6.761	3.626	5.534
	Trade payables	35.681	2.641	34.785
	Payables to related parties	57	168	57
	Corporation Tax	2.509	1.633	1.551
	Other payables	8.610	7.828	8.717
	<b>Total current liabilities</b>	<b>57.042</b>	<b>18.110</b>	<b>54.542</b>
	<b>Total liabilities</b>	<b>150.485</b>	<b>115.896</b>	<b>144.365</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>208.199</b>	<b>168.636</b>	<b>201.802</b>

## Consolidated statement of cash flows

For the period ended 30 June 2015

Unaudited

EUR'000

	Q2 2015	Q2 2014	1H 2015	1H 2014	31.12.2014
<b>Cash flow from operating activities</b>					
Profit/loss before tax	1.809	152	2.327	-951	4.194
Adjustments for:					
Financial income	-658	-315	-1.491	-605	-1.024
Financial Expenses	1.406	1.554	2.849	2.718	5.923
Depreciations	374	366	747	1.158	1.931
Other non-cash movements	-46	322	-738	-204	-469
Change in networking capital	3.162	-4.655	-5.454	-1.111	-11.184
Other non-cash items 1)	-	-	-15	-1.778	-1.289
	6.047	-2.576	-1.775	-773	-1.918
Dividends received					
Taxes paid	-485	-174	-491	-180	-806
Interest paid incl currency losses	-1.347	-1.556	-2.714	-2.618	-5.382
Interest received incl currency gains	658	294	1.491	584	1.024
<b>Cash flow from operating activities</b>	<b>4.873</b>	<b>-4.012</b>	<b>-3.489</b>	<b>-2.987</b>	<b>-7.082</b>
<b>Cash flow from investing activities</b>					
Purchase of intangible assets and property, plants and equipment	(360)	(2.814)	(596)	(3.050)	(1.893)
Proceeds from sale of intangible assets and property, plants and equipment	-	-	-	-	-
Purchase of other investments	-	-	-	-	(919)
Proceeds from disposal of subsidiaries, equity accounted investments	835	-	835	-	963
Proceeds from sale of other investments	-	1.420	-	1.592	-
Investment/loans in equity accounted investments	(4.269)	1.443	(4.119)	(793)	(1.689)
Dividends	-	20	-	20	-
<b>Net cash flow from investing activities</b>	<b>-3.794</b>	<b>69</b>	<b>-3.880</b>	<b>-2.231</b>	<b>-3.538</b>
<b>Cash flow from financing activities</b>					
Proceeds from issue of bonds	-	-	-	45.000	45.000
Transaction costs regarding bond issue	-	-	-	-900	-1.071
Proceeds from borrowings	800	3.034	9.215	3.034	567
Repayment of borrowings	-5.266	-1.301	-6.293	-25.101	-26.169
Changes in payables to associates	-	-2	-	55	-44
Non controlling interests share of capital increase in subsidiary	-	-	-	-	389
Other Transactions with owners	-	-	-	-	-
<b>Cash flow from financing activities</b>	<b>-4.466</b>	<b>1.731</b>	<b>2.922</b>	<b>22.088</b>	<b>18.672</b>
<b>Change in cash and cash equivalents</b>	<b>-3.387</b>	<b>-2.212</b>	<b>-4.447</b>	<b>16.870</b>	<b>8.052</b>
Cash and cash equivalents at beginning of period	12.268	24.358	13.328	5.276	5.276
Foreign exchange adjustments of cash and cash equivalents	-	-	-	-	-
<b>Cash and cash equivalents end of period</b>	<b>8.881</b>	<b>22.146</b>	<b>8.881</b>	<b>22.146</b>	<b>13.328</b>
Of which restricted cash and cash equivalents	-	-	-	-	-
<b>Non-restricted cash and cash equivalents end of period</b>	<b>8.881</b>	<b>22.146</b>	<b>8.881</b>	<b>22.146</b>	<b>13.328</b>

1) The non-cash items of -15 is the transfer of project portfolio to an equity accounted investments in the company SWEPOL.

The non-cash item for FY 2014 is elimination regarding sale of project portfolio to an equity accounted investment.

# Consolidated statement of changes in equity

As of 30 June 2015

Unaudited

EUR'000	Share capital	Trans- lation reserve	Hedging reserve	Reserves	Total	Non- controlling interest	Total
<b>Equity at 1 January 2014</b>	1.340	-	-662	50.890	51.568	1.836	53.404
Profit/loss for the period	-	-	-	-791	-791	18	-773
Total other comprehensive income	-	32	-33	110	109	-	109
Total comprehensive income	-	32	-33	-681	-682	18	-664
<b>Equity at 30 June 2014</b>	1.340	32	-695	50.209	50.886	1.854	52.740
<b>Equity at 1 January 2014</b>	1.340	-	-662	50.890	51.568	1.836	53.404
Profit/loss for the year	-	-	-	3.568	3.568	162	3.730
Total other comprehensive income	-	113	-331	-27	-245	27	-218
Total comprehensive income	-	113	-331	3.541	3.323	189	3.512
Transactions with owners:							
Change of ownership interest with non-controlling interest	-	-	-	-	-	521	521
Distributed dividends	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	521	521
Equity at 31 December 2014	1.340	113	-993	54.431	54.891	2.546	57.437
Equity at 1 January 2015	1.340	113	-993	54.431	54.891	2.546	57.437
Profit/loss for the period	-	-	-	529	529	-70	459
Total other comprehensive income	-	-116	318	-170	32	22	54
Total comprehensive income	-	-116	318	359	561	-48	513
Transactions with owners:							
Change of ownership interest with non-controlling interest	-	-	-	-	-	-236	-236
Distributed dividends	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-236	-236
<b>Equity at 30 June 2015</b>	1.340	-3	-675	54.790	55.452	2.262	57.714

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

The share capital has remained unchanged for the last 5 years. The share capital is fully paid in.



## General information

The Condensed interim consolidated financial statements comprise the parent company European Energy A/S and its subsidiaries (the Group) for the three month period ended 30 June 2015. The Group's main operations comprise project development, financing, construction, sales and acquisition as well as management of wind and solar energy farms. Our geographical focus is on Northern European markets.

The parent company is a limited liability company incorporated and domiciled in Denmark. The address of its registered office is Gyngemose Parkvej 50, DK-2860 Søborg.

Corporate bonds issued by the parent company are listed on NASDAQ OMX Stockholm.

On 31 August 2015, the Board of Directors approved these interim consolidated financial statements.

## Basis for preparation

These interim consolidated financial statements for the three months ended 30 June 2015 are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' using International Financial Reporting Standards as adopted by the European Union ('IFRS') and additional Danish disclosure requirements for listed companies.

These are European Energy's first published IFRS interim consolidated financial statements and include as comparative information the period included in European Energy's annual consolidated financial statements for the year ended 31 December 2014, which for comparative purposes, have been prepared in accordance with IFRS. Previously, European Energy prepared its annual consolidated financial statements in accordance with the Danish Financial Statement Act ('Danish GAAP').

European Energy has elected to exceed certain minimum disclosure requirements under IAS 34 in order to present changes in accounting policies in accordance with IFRS and provide additional disclosures which highlight changes from European Energy's 2014 annual consolidated financial statements prepared in accordance with Danish GAAP. In subsequent interim consolidated financial statements, European Energy may not provide the same level of detail in the interim financial statements. The impact of the transition to IFRS from Danish GAAP and information on how the Group has adopted IFRS is disclosed in the note below related to Reconciliation from previous GAAP to IFRS. The interim consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial instruments classified as available for sale that have been measured at fair value.

The interim consolidated financial statements are presented in EUR, and all values are rounded to the nearest thousand (EUR'000), except when otherwise indicated.

## Basis of consolidation

The interim consolidated financial statements comprise the financial statements of European Energy A/S and entities controlled by European Energy A/S. Control is achieved when the Group has the power to direct the relevant activities of an entity, is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are fully eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Non-controlling interests are the portion of income and net assets of a non-wholly owned subsidiary that accrues to owners other than the shareholders of European Energy A/S. The non-controlling interest share of earnings is included in the Group's recognised profit and the share of net assets is included in the Group's equity.

## Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or

## **Foreign currency translation**

### **Functional currency and presentation currency**

The Group determines a functional currency for each reporting entity in the Group. The functional currency is the currency used in the primary financial environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are foreign exchange transactions. The functional currency of the parent company is DKK, but out of consideration for the Group's international relations the consolidated financial statements are presented in euro (EUR).

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the transaction date. Foreign currency translation adjustments arising on settlement of such transactions and from translation at year-end exchange rates of monetary items denominated in foreign currencies are recognised in profit or loss under financial income or financial expenses.

### **Translation to the presentation currency**

For entities with a functional currency other than EUR, all assets and liabilities are translated to the presentation currency based on the EUR exchange rate at the balance sheet date. Income and expenses and other comprehensive income are translated at the rate at the date of the transaction or an approximate average rate. All resulting exchange rate differences are recognised in other comprehensive income.

## **Accounting Policy**

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or to be received, net of discounts, rebates, and sales taxes or duty and recognised to the extent that it is probable that the economic benefits will flow to the Group and it can be reliably measured. Sales are recognised as income at the time of delivery or the provision of the service at the customer' premises. The realisation of revenues for long term construction contracts is explained below.

Our primary source of income is the divestment of wind or solar energy farms. The sale of electricity power and asset management also contribute to our annual income.

The revenue derived from the divestment of wind and solar farms depends on whether the project is divested before, during or after construction. Where construction has been initiated, the construction risk is reflected in both the revenue as the direct costs.

### **Sale of electricity**

Revenue from the sale of produced electricity is recognised in the income statement at the amount paid or to be paid by the purchaser as the electricity is generated and supplied to the purchaser's network, provided that the electricity generation has taken place before year end.

### **Asset management**

Revenue from the sale of services is recognised in the Income Statement as the services are provided and in accordance with agreements entered into.

### **Other income**

Other income comprises income from sale of associates and other investment related to energy plants, dividends receivable from investments in energy plants.

Gains and losses from sale of equity accounted investments and other investments are calculated as the difference between the sales price and the carrying amount of the investment at the date of disposal and transaction costs.

### **Dividends**

Dividends from other investments are recognised as other income, when it has been declared and the Group has the right to receive it.

### **Direct costs**

Direct costs comprise costs incurred in generating the revenue for the year.

## 1.1 Segment information

Operating segments are recognised in the manner that corresponds to the internal reporting to the chief operating decision maker ('CODM'). The CODM is the function that is responsible for allocating the Group's resources and assessing the performance of the operating segments. The Group's CODM has been identified as the Board of Directors. European Energy's segments comprise:

- Wind
- Solar

Segment information has been prepared in accordance with the Group accounting policies. Segment income and segment costs as well as segment assets and liabilities comprise those items that can be directly attributed to each individual segment on a reliable basis.

Unaudited EUR'000	2015				1H 2015 Group
	Wind	Solar	Un allocated	Adjustments and eliminations	
Sale of energy farms and projects	7.563	-	-	-	7.563
Sale electricity	148	2.735	-	-	2.883
Construction	-	-	-	-	-
Asset management & other fees	88	1.182	-	-	1.270
<b>Revenue to external customers</b>	<b>7.799</b>	<b>3.917</b>	<b>-</b>	<b>-</b>	<b>11.716</b>
<i>Inter-segment revenue</i>	1.146	960	-	-955	1.151
<b>Revenue</b>	<b>8.945</b>	<b>4.877</b>	<b>-</b>	<b>-955</b>	<b>12.867</b>
Direct costs	-6.013	-475	-	-	-6.488
Staff Costs	-	-	-2.115	-	-2.115
Other costs	-544	-404	-	-	-948
Profit after tax from shares in equity accou	764	55	-	-	819
Other Income	297	-	-	-	297
Depreciation	-13	-711	-23	-	-747
Impairment of goodwill	-	-	-	-	-
Impairment of Wind and Solar farms	-	-	-	-	-
Impairment of doubtful receivables	-	-	-	-	-
<b>Segment profit (Operating profit)</b>	<b>3.436</b>	<b>3.342</b>	<b>-2.138</b>	<b>-955</b>	<b>3.685</b>
<b>Total assets</b>	<b>80.529</b>	<b>116.630</b>	<b>11.040</b>	<b>-</b>	<b>208.199</b>
<b>Total liabilities</b>	<b>46.166</b>	<b>60.034</b>	<b>44.285</b>	<b>-</b>	<b>150.485</b>



<b>1.1 Segment information (continued)</b> <b>EUR'000</b>	<b>Wind</b>	<b>Solar</b>	<b>Un allocated</b>	<b>Adjustments and eliminations</b>	<b>2014 Group</b>
Sale of energy farms and projects	10.087	42.980	-	-509	52.558
Sale electricity	627	5.983	-	-	6.610
Construction	-	-	-	-	-
Asset management	211	-	-	-	211
<b>Revenue to external customers</b>	<b>10.925</b>	<b>48.963</b>	<b>-</b>	<b>-509</b>	<b>59.379</b>
<i>Inter-segment revenue</i>	3.278	-	-	-2.091	1.187
<b>Revenue</b>	<b>14.203</b>	<b>48.963</b>	<b>-</b>	<b>-2.600</b>	<b>60.566</b>
Profit after tax from shares in equity accou	245	228	-	-	473
Other Income	-	-	-	-	-
Depreciation	-165	-1.374	-59	-	-1.598
Impairment of goodwill	-	-	-	-	-
Impairments on power plants	-	-	-	-	-
Impairments on doubtful receivables	-	-	-	-	-
<b>Segment profit (Operating profit)</b>	<b>5.730</b>	<b>9.493</b>	<b>-3.530</b>	<b>-2.596</b>	<b>9.097</b>

#### Geographic information

<b>EUR'000</b>	<b>Revenue from external customers</b>			
	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>1H 2015</b>	<b>1H 2014</b>
Denmark	8.602	1.948	10.233	2.408
Northern/middle Europe	19	1.826	61	1.858
South Europe	1.345	1.999	2.573	3.581
<b>Total revenue</b>	<b>9.966</b>	<b>5.773</b>	<b>12.867</b>	<b>7.847</b>

### **Impairment of non-current assets, including goodwill**

The carrying amount of goodwill is tested annually for impairment. Other non-current assets are tested for impairment when there is an indication that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction of an energy farm that takes more than twelve months to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

### **Presentation of cash flow statement**

The consolidated cash flow statement shows the Group's cash flows from operating, investing and financing activities.

Cash flows from operating activities are determined using the indirect method and stated as the consolidated profit before tax adjusted for non-cash operating items including depreciations and impairment losses, provisions and changes in working capital, interest received and paid and corporation tax paid. Other non-cash items primarily comprise reversal of gain on disposal of non-current assets and reversal of share of profit (loss) from equity accounted investments.

Cash flow from investing activities comprises payments in connection with purchase and sale of non-current assets including energy farms classified as property, plant and equipment and equity accounted investments.

Cash flows from financing activities include proceeds from issuing bonds and draw downs and repayments on borrowings from credit institutions.

Cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

### **Choice of accounting policies**

In addition to the accounting estimates made, it is the opinion of the Management of European Energy that in determining the accounting policies the following areas are significant to the interim report:

- Revenue, including revenue recognition
- Classification of interests in investees
- Inventories/development projects
- Impairment of property, plant and equipment
- Write-down for bad debt losses on receivables
- Deferred tax
- Provisions and contingencies

### **Accounting estimates**

Determining the carrying amount of certain assets and liabilities requires an estimate over how future events will affect the value of these assets and liabilities at the balance sheet date. Estimates, which are significant for the preparation of the interim report, are i.e. made by making a computation of amortization, depreciation and impairment, useful lives and remaining useful lives of non-current assets, non-current liabilities, provisions and contingent assets and liabilities.

The estimates used are based on assumptions which by Management are assessed to be reliable, but which by nature are associated with uncertainty. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties which may result in the fact that actual results may differ from these estimates.

The significant estimates and judgments which Management find material for the preparation and the understanding of the interim consolidated financial statements are described below:

### **Inventories/development projects**

Inventories comprise energy farm projects in the course of development and construction as well as energy farms that have been developed with intention to sell and not retain for the purpose of generating revenue from the sale of electricity production.

Inventories are measured at the lower of cost and net realizable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated sale costs. Cost includes borrowing costs for long-term development and construction projects where the recognition criteria are met.

Proceeds received on the sale of trading energy farms are recognised within revenue.

Development projects are initially measured at cost. An impairment test is performed of the carrying amount of recognized development projects. The impairment test is based on assumptions regarding strategy, market conditions, discount rates and budgets etc. after the project has been completed and production has commenced. If market-related assumptions etc. are changed, development projects may have to be written down. Management examines and assesses the underlying assumptions when determining whether the carrying amount should be written down.

### **Impairment of property, plant and equipment**

Determining whether property, plant and equipment is impaired requires a comparison of the recoverable amount with the carrying amount. The recoverable amount is determined as the net present value of the future cash flows expected to arise from the cash-generating unit to which goodwill is allocated. The recoverable amount is determined based on the discounted future cash flows expected from the cash-generating unit.

### **Write-down for bad debt losses on receivables**

Receivables are measured at amortized cost less write-down for expected bad debt losses. European Energy performs write-downs for expected bad debt losses based on an individual assessment of each receivable. If a customer's financial condition deteriorates, and thus the ability to meet the financial obligation to European Energy, further write-downs may be required in future periods. In assessing the adequacy of write-downs for bad debt losses, Management specifically analyses receivables, including doubtful debts, concentrations of credit risk, credit ratings, current economic conditions and changes in customers' payment terms. Based on actual losses incurred in the latest three years, uncertainties associated with write-down for bad debt losses are considered limited.

### **Deferred Tax**

Management has made judgments in determining the Company's provisions for tax, deferred tax assets and deferred tax liabilities and the extent to which deferred tax assets are recognized. European Energy recognizes deferred tax assets only to the extent that it is probable that taxable profit will be available against which the temporary differences and unused tax losses can be utilized. Management has taken the future taxable profit into account in determining the recognition of deferred tax assets.

### **Provisions and Contingencies**

The Company's Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or threatened lawsuits on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., Management bases its assessment on external legal assistance and decided cases.

## **2.3 Property, Plant and equipment**

### **Accounting policy**

#### **Property, plant and equipment**

Property, plant and equipment comprises wind and solar energy farms , including those under construction, held by European Energy for use in production of electricity that are expected to be used for more than one period.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the energy farm if the recognition criteria for a provision are met and it is material. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

- Wind power generating assets (wind energy farms) - 25 years
- Solar power generating assets (solar energy farms) - 40 years
- Tools and equipment -3-5 years

The useful life is tested at every accounting period end and is adjusted as necessary. The residual value of an asset is considered when determining the depreciable amount of the asset.

The basis of depreciation is calculated with due consideration to the asset residual value, reduced by any impairment losses. The residual value is determined at the date of acquisition and revalued each year. When the residual value exceeds the carrying amount of the asset, the asset ceases to be depreciated.

If the depreciation period or the residual values are changed, the effect on depreciation going forward is recognised as a change in accounting estimates.

Gains and losses on disposal of property, plant and equipment is the difference between the sales proceeds and the carrying amount of the asset as at the date of disposal.

Gains or losses are recognized in the income statement in the period of disposal within other income or other expenses.

EUR'000	Assets in operation			Total
	Wind farms	Solar farms	Tools and equipm.	
Cost				
Balance at 1 January 2014	6.902	54.970	667	62.539
Transfers	3.303		-	-
Additions	-		7	7
Disposals	-2.771		-	-2.771
Effect of movements in exchange rates	-		-	-
Cost at 30 June 2014	7.434	54.970	674	59.775
Accumulated depreciation and impairment losses				
Balance at 1 January 2014	-1.671	-7.204	-614	-9.489
Depreciation	-83	-687	-20	-790
Disposals	852	-	-	852
Effect of movements in exchange rates				-
Accumulated dep/impairment at 30 June 2014	-902	-7.891	-634	-9.427
Carrying amount at 30 June 2014	6.532	47.079	40	53.651
Cost				
Balance at 1 January 2014	6.902	54.970	667	62.539
Additions	4.220	1.855	37	6.112
Disposals	-6.992	-	-1	-6.993
Cost at 31 December 2014	4.130	56.825	703	61.658
Accumulated depreciation and impairment losses				-
Balance at 1 January 2015	-1.671	-7.204	-614	-9.489
Depreciation	-165	-1.374	-42	-1.581
Disposals	852	-	-	852
Accumulated dep/impairment at 31 December 2014	-984	-8.578	-656	-10.218
Carrying amount at 31 December 2014	3.146	48.247	47	51.440
Cost				
Balance at 1 January 2015	4.130	56.825	703	61.658
Transfers	-3.495	-	-	-3.495
Additions	-	523	73	596
Cost at 30 June 2015	635	57.348	776	58.759
Accumulated depreciation and impairment losses				-
Balance at 1 January 2015	-985	-8.578	-655	-10.218
Transfers	755	-	-	755
Depreciation	-13	-711	-15	-739
Accumulated dep/impairment at 30 June 2015	-243	-9.289	-670	-10.202
Carrying amount at 30 June 2015	392	48.059	106	48.557

## 2.4 Inventories

Inventories comprise energy farm projects in the course of development and construction as well as energy farms that have been developed with intention to sell and not retain for the purpose of generating revenue from the sale of electricity production.

Inventories are measured at the lower of cost and net realizable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated sale costs. Cost includes borrowing costs for long-term development and construction projects where the recognition criteria are met.

Proceeds received on the sale of trading energy farms are recognised within revenue.

### Inventories

<b>Eur'000</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>2014</b>
<i>Under construction</i>			
Solar farms for sale	-	-	-
Wind farms for sale	5.831	-	1.439
<i>Under development</i>			
Solar farms for sale	3.534	1.898	2.154
Wind farms for sale	11.225	9.507	8.992
<b>Total inventory</b>	<b>20.590</b>	<b>11.405</b>	<b>12.585</b>
<i>Total solar farms</i>	<i>3.534</i>	<i>1.898</i>	<i>2.154</i>
<i>Total wind farms</i>	<i>17.056</i>	<i>9.507</i>	<i>10.431</i>

### Change in inventories write-downs

<b>EUR '000</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>2014</b>
Inventory write-downs at 1 January	-2.845	(2.878)	(2.878)
Write-down for the year, addition	-100	0	0
Write-down for the year, reversal	-	0	183
<b>Total inventory write-downs</b>	<b>-2.945</b>	<b>-2.878</b>	<b>-2.695</b>

### Amount of inventory recognised in profit or loss

<b>EUR '000</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>2014</b>
Disposals	-5.870	-227	-6.949
Net write-downs	-	112	183
<b>Total</b>	<b>-5.870</b>	<b>-115</b>	<b>-6.766</b>

## 2.5 Investments in equity accounted investments

### Accounting policy

Investments in equity accounted investments comprise the Group's interests in associates and joint ventures.

Investments in associates and joint ventures relate to investments in wind and solar energy farms and are part of European Energy's core business.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The significant considerations and judgments made by Management to determine the classification is described under Critical choices and judgments in the accounting policies and critical accounting estimates. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or the joint venture since the acquisition date. Goodwill relating to the associate or the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or the joint venture, the Group does not recognise further losses, unless it has a legal or constructive obligation to cover a deficit.

Below is displayed the material associated companies and joint venture companies. The companies has been chosen from a perspective of which of the companies are material to the contribution of the revenue now and in the future for the Group. The two joint ventures chosen has very little or none revenue, where other joint ventures has delivered solid profit in the quarter. The reason why these two companies will be the ones where we give extra disclosures has been chosen is because of the magnitude of the off shore projects is an important part for the future profit for the Group.

### Investments in equity accounted investments

#### Unaudited

<b>Eur'000</b>	<b>Note</b>	<b>Q2 2015</b>	<b>2014</b>
Investments in joint venture	1.5.1	6.807	6.003
investments in associates	1.5.2	12.467	10.161
Total		19.274	16.164

## 2.5.1 Investments in associates

### Disclosures about material associates

Financial information for each of the European Energy's individually significant associates is corrected in respect of differences in accounting policies:

Unaudited	Q2 2015			2014		
	Wriezener Höhe GmbH & Co. KG	Ottenhausen GmbH & Co. KG	Parco Eolico Carpinaccio Srl.	Wriezener Höhe GmbH & Co. KG	Ottenhausen GmbH & Co. KG	Parco Eolico Carpinaccio Srl.
EUR'000	Germany	Germany	Italy	Germany	Germany	Italy
Ownership [%]	15%	34,2%	27%	15%	34,2%	27%
<i>Comprehensive income statement</i>						
Revenue	4.047	1.570	2.060	7.519	2.338	3.731
Profit for the year (continuing operations)	804	315	212	1.120	(79)	656
Other comprehensive income						
Total comprehensive income	804	315	212	1.120	(79)	656
<i>Balance sheet</i>						
Non-current assets	37.174	16.157	23.082	38.395	16.618	23.598
Current-assets	5.800	1.656	348	4.533	1.620	-
Non-current liabilities	36.579	10.919	15.678	37.372	11.041	16.438
Current liabilities	1.869	1.751	400	1.833	2.529	419
Equity	4.526	5.143	7.352	3.723	4.668	6.741
Attributable to non-controlling interests	3.847	3.383	5.367	3.165	3.071	4.921
Attributable to investee's share holder	679	1.760	1.985	558	1.597	1.820
European Energy's interest in the net assets of the investee at 1 January	558	1.597	1.820	425	1.624	1.643
Total comprehensive income attributable to European Energy	121	163	165	133	-27	177
Dividend received during the year						
European Energy's interest in the net assets of the investee end of period	679	1.760	1.985	558	1.597	1.820
Elimination of unrealised profit on downstream sales				-		
Goodwill	-	-	-	-	-	-
Carrying amount of interest in investee end of period	679	1.760	1.985	558	1.597	1.820

[It must be disclosed if the nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with joint control of or significant influence over a joint venture or an associate) on the ability of joint ventures or associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity.]

[The amount of unrecognised share of losses of a joint venture or associate both for the reporting period and cumulatively, if the entity has stopped recognising its share of losses of the joint venture or associate when applying the equity method]

[Commitments that EE has relating to its joint ventures other than the amount of the commitment]

[Contingent liabilities incurred relating to EE's interests in JV's and associates. Incl. EE's share of contingent liabilities incurred jointly with other investors with joint control of, or significant influence over the JV or associate, separately from other contingent liabilities]

Overall financial information for all associates which are not individually significant and which are recognised according to the equity method:

EUR'000	Q2 2015	2014
<b>Carrying amount of interests in immaterial associates</b>		
<b>The Group's share of:</b>		
Profit/loss for the year of continuing activities	56	6
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>56</b>	<b>6</b>
<b>Total comprehensive income</b>	<b>56</b>	<b>6</b>



## 2.5.2 Investments in joint ventures

### Disclosures about material Joint ventures

Financial information for each of the European Energy's individually significant Joint ventures is corrected in respect of differences in accounting policies:

EUR'000	Q2 2015		2014	
	Jammerland Bay Nearshore A/S	Omø South Nearshore A/S	Jammerland Bay Nearshore A/S	Omø South Nearshore A/S
	Denmark	Denmark	Denmark	Denmark
Ownership [%]	50%	50%	50%	50%
<i>Comprehensive income statement</i>				
Revenue	-	-	-	-
Profit for the year (continuing operations)	-4	41	6	-79
Other comprehensive income				-
Total comprehensive income	-4	41	6	-79
Includes:				
Depreciation and amortisation	-	-	-	-
interest income	-	-	-	-
interest expense	-1	-49	-5	-
income tax	1	-39	2	22
<i>Balance sheet</i>				
Non-current assets	2.588	1.138	-	-
Current-assets	1.042	257	3.761	746
Non-current liabilities	-	1.340	-	750
Current liabilities	4	25	131	7
Equity	3.626	30	3.630	-11
Includes:				
cash and cash equivalents	942	245	1.625	71
current financial liabilities (excluding trade and other payables and provisions)	-	-	-	-
non-current financial liabilities (excluding trade and other payables and provisions)	-	1.340	-	750
European Energy's interest in the net assets period start	1.185	-6	68	34
Total comprehensive income attributable to European Energy	-2	20	3	-40
Capital raise during the year EE share	-	-	1.744	-
Dividend received during the year				
European Energy's interest in the net assets of the investee end of period	1.183	15	1.815	-6
Elimination of unrealised profit on downstream sales	-	-	-630	-
Goodwill	-	-	-	-
Carrying amount of interest in investee end of period	1.183	15	1.185	-6

[It must be disclosed if the nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with joint control of or significant influence over a joint venture or an associate) on the ability of joint ventures or associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity.]

Overall financial information for all joint ventures which are not individually significant and which are recognised according to the equity method:

EUR'000	Q2 2015	2014
<b>Carrying amount of interests in immaterial joint ventures</b>		
<b>The Group's share of:</b>		
Profit/loss for the year of continuing activities	295	221
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>295</b>	<b>221</b>

## 2.6 Other investments in wind and solar farms

### Accounting policy

#### Other investments in energy farms.

Other investments recognised under non-current assets relates to investments in wind and solar farms, where the Group does not have joint control or significant influence.

Other investments are classified as available for sale financial assets, which after initial measurement, available for sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the available for sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income.

Any impairment loss is recognised in the income statement as financial expenses.

#### Unaudited

#### Other investments

EUR'000

	Q2 2015	Q2 2014	2014
Cost at 1 January	3.551	3.270	3.270
Additions for the year	37	-	296
Disposal of year	-	-	-8
<b>Cost at 30 June</b>	<b>3.588</b>	<b>3.270</b>	<b>3.558</b>
Impairments at 1 January	-	-	-
Impairments during the year	-	-	-
Reversal of Impairments	-	-	-
<b>Impairments at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other investments at 30 June</b>	<b>3.588</b>	<b>3.270</b>	<b>3.558</b>
The investments relates to:			
Investment related to Solar farms	2	2	2
Investments related to Wind farms	3.586	3.268	3.556
Dividend received from other investments	28	-	-

## 2.7 Receivables

### Accounting Policy

Receivables are measured at amortized cost less write-down for expected bad debt losses.

Write-down for expected bad debt losses is based on an individual assessment of each receivable.

Impairment losses relating to doubtful receivables

#### Unaudited

EUR '000	Q2 2015	Q2 2014	2014
Impairment at 1 January	-	-	-
Impairment for the year	-	-	-
<b>Impairments end of period</b>	-	-	-
<b>Impairments relates to:</b>			
<i>Other receivable</i>	-	-	-
EUR '000	Q2 2015	Q2 2014	2014
<b>Exposure:</b>			
<b>Receivables</b>	81.433	40.867	82.131
<b>Receivables not due</b>	80.040	40.637	81.522
<b>Receivable past due, but not impaired:</b>			
<b>1-30 days</b>	193	78	477
<b>31-90 days</b>	36	113	-
<b>&gt;90 days</b>	1.164	39	132
<b>Total Receivables</b>	81.433	40.867	82.131

#### Credit risk

Customer credit risk is managed by the management subject to the Group's established policy, procedures and control relating to customer credit risk management.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value.

## 2.9 Change in working capital

### Unaudited

EUR'000	Q2 2015	Q2 2014	2014
Trade receivables	2.462	-2.358	-39.275
Other receivable	160	-982	-492
Inventories/project portfolio	-1.002	-612	-630
Prepayments	349	-14	-431
Trade payables	1.731	-219	29.928
Payables to related parties	0	-2	-44
Other payables	-538	-44	-240
<b>Total change in working capital</b>	<b>3.162</b>	<b>-4.231</b>	<b>-11.184</b>

### 3.1 Borrowings

#### Accounting policy

The Groups financial liabilities includes borrowings, trade payables and derivatives.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs. In subsequent periods, the financial liabilities are measured at amortised costs; any difference between the cost and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### Loans and borrowings

This category includes bank overdraft, interest bearing loans and issued bonds.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

#### Unaudited EUR '000

	Q2 2015	Q2 2014	2014
Issued Bonds	51.885	51.775	51.750
Loans and credit facilities	41.768	42.368	46.371
<b>Total</b>	<b>93.653</b>	94.143	98.121
<i>Financial liabilities are recognised as follows in the balance sheet:</i>			
Non-current liabilities	90.229	91.929	86.698
Current liabilities	3.424	2.214	3.898
<b>Total</b>	<b>93.653</b>	<b>94.143</b>	<b>90.596</b>

#### Security for debt

##### Assets provided as security

Wind and solar energy farms with a carrying amount of EUR 48m (2014; EUR 46m) were pledged as security for the Group's debt to Credit Institutions etc.

The debt amounted to EUR 33m, (2014 EUR 35m).

Investment in equity accounted investments with a carrying amount of EUR 2m (2014; EUR 2m) were pledged as security for second priority financing in German Limited Partnerships.

### 3.2 Financial income and expenses

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

#### Unaudited

#### Finance income

EUR'000	Q2 2015	Q2 2014	2014
Interest income, on financial assets measured at amortised costs	187	121	467
Other financial income	110	169	557
Exchange gains	361	-	-
<b>Financial income</b>	<b>658</b>	<b>290</b>	<b>1.024</b>

#### Finance expenses

EUR'000	Q2 2015	Q2 2014	2014
Interest on bonds	941	339	3.236
Finance expenses from financial liabilities measured at amortised cost	553	760	2.520
Financial expenses which has been capitalized on inventories	-193	-77	-398
Fair value adjustment of financial instruments	-	-	-
Adjustment to earn-outs in relation to business combinations	-	-	-
Amortisation of debt issue costs	85	30	232
Other financial expenses	20	10	171
Exchange losses	-	102	162
<b>Financial expenses</b>	<b>1.406</b>	<b>1.164</b>	<b>5.923</b>

### 3.3 Leases

#### Accounting policy

Leases where substantially all risks and rewards are transferred to the Group are classified as finance leases. All other leases are operating leases.

Lease payments under operating leases are recognised in the income statement on straight-line basis over the term of the lease.

The Group has only leases classified as operating leases.

#### Unaudited

#### Leasing

#### Operating lease commitments

#### Minimum lease payments:

EUR'000	Q2 2015	2014
0-1 year	190	187
1-5 years	750	745
After 5 years	-	-
<b>Total buildings</b>	<b>940</b>	<b>932</b>

Operating leases have been recognised in the income statement for 2015 at the amount of EUR 93 thousands, where contingent rents constitute of EUR 93 thousands (2014: EUR 174 thousands where contingent rents constitute of EUR 174 thousands)

### 3.4 Related parties

#### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

- European Energy Holding ApS, Gøngemose Parkvej 50, 2860 Søborg
- MDP Invest ApS, Vandstjernevej 36, 4600 Køge
- JPZ-Assistance ApS, Gøngemose Parkvej 50, 2860 Søborg

The Group is included in the consolidated financial statements of European Energy Holding ApS.

Related parties include, equity accounted investments as well as Executive Board, other key management and the Board of Directors and companies owned by these

#### Related party transactions

EUR'000	Q2 2015	2014
Sale of services to group companies	495	2.445
Sale of services to associates	346	1.800
Sale of services to controlling parties	-	-
<b>Loans to related parties</b>		
EUR'000	Q2 2015	2014
Loans to group companies	32.675	35.983
Loans to associates	19.717	16.322

Transaction with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies.

Except as set out above, no transactions were made during the period with members of the Board of Directors, Board of Management, or any other related parties.



### **3.5 Contingent liabilities & assets and contractual agreements**

#### **Accounting policy**

Contingent liabilities comprise probable liabilities which have not yet been confirmed and which may result in an outflow of the Groups resources or constructive liabilities which cannot be reliably measured.

#### **Contingent liabilities**

The Group is party in pending lawsuits regarding the Group's current operations. In Management's opinion, the outcome of these lawsuits will not affect the Group's financial position significantly besides the assets and liabilities recognized in the Group's balance sheet end of period.

#### **Contingent assets**

A number of Group Companies which own solar photovoltaic plants in Spain have dispatched a notice to the Spanish government under Article 26 of the Energy Charter Treaty, requesting the government to settle an alleged breach amicably. Should the dispute not be settled amicably, the Group companies may submit the dispute for resolution in accordance with the Energy Charter Treaty. The size of the claims has not yet been finally established but will likely be in the range of EUR 40 – 60 million. However, the anticipated financial impact on the Issuer will be less than the aggregate size of the claims should the companies be successful due to the substantial costs associated with arguing the case which could reach up to 30-40 % of the damages awarded. The notice to the Kingdom of Spain regarding the Group's lost revenue due to retroactive changes in the legislative system for solar PV is not booked as a contingent asset in the balance sheet at the end of the period.

#### **Contractual obligations**

The Company has provided an option for 1.5% of the shares in the Bulgarian companies Wind Energy OOD, Wind Power 2 OOD, Wind Stream OOD and Wind Systems OOD.

The parent company is jointly taxed with the Danish subsidiaries and the parent company. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes, etc.

#### 4.1 Tax

##### Accounting Policy

##### Income tax

Tax expense for the period includes current and deferred tax. Tax is recognized in the income statement, except when the tax relates to items recognized in other comprehensive income or directly in equity, in which case the tax is recognized in the other comprehensive income or directly in equity, respectively.

##### Current income tax

The parent company and its Danish subsidiaries are subject to the Danish rules on joint taxation.

The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies with tax loss carry-forwards receive joint taxation contributions from companies that have used these losses to reduce their own taxable profits (full absorption).

Current tax assets and tax liabilities for current or prior periods are recognized at the amounts expected to be received from or paid to the relevant tax authority.

The tax rate applied are those substantively enacted as at the balance sheet date.

##### Deferred tax

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised to the extent that it is probable that future taxable income will be available against which the differences can be used;

either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets are reviewed at each reporting date and are only recognised to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and tax liabilities are offset if a legal right to offset the current tax assets and current tax liabilities exists and the deferred tax is attributable to the same tax authority.

##### Unaudited

EUR'000	Q2 2015	Q2 2014	1H 2015	1H 2014	2014
<b>Consolidated statement of profit or loss</b>					
<i>Current income tax:</i>					
Current income tax charge	159	201	-1	227	550
Adjustments previous years foreign tax (German subsidiaries regarding	1.256	9	1.256	9	0
<i>Deferred tax:</i>					
Relating to origination and reversal of temporary differences	489	-70	612	-420	-82
Income tax expense recognised in the statement of profit or loss	1.904	140	1.867	-184	468
<b>Consolidated statement of other comprehensive income</b>					
Deferred tax related to items recognised in other comprehensive income during the year	54	-	54	58	-98
Deferred tax charged to other comprehensive income	54	-	54	58	-98

The adjustment made regarding previous years is related to a tax audit for the years 2006-2007 in Germany.

The audit has been ongoing for 3 years, and the Group has been in negotiations with the German tax authorities regarding the proposed changes to the income for the German subsidiaries in these years.

As per 31.12.2014 the total provision for the Group regarding this tax audit amounted to EUR 1,2m.

The total tax charge with interest for 8 years ended though substantially higher.

The changes made to the income relates to the German tax authorities does not accept the Double tax treaty between Denmark and Germany. The management will consider if this will have to be proved in the court.

**Unaudited**

<b>Tax on other comprehensive income</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>1H 2015</b>	<b>1H 2014</b>	<b>2014</b>
Fair value adjustments of hedging instruments	54	-	54	58	-98
<b>Total</b>	<b>54</b>	<b>-</b>	<b>54</b>	<b>58</b>	<b>-98</b>

**Unaudited****Deferred tax****EUR'000**

	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>1H 2015</b>	<b>1H 2014</b>	<b>2014</b>
<b>Deferred tax can be specified as follows:</b>					
Deferred tax start of period	-4.468	-4.299	-4.373	-4.128	-4.128
Deferred tax for the year recognised in the income statement	489	-70	612	-420	-82
Deferred tax for the year recognised in other comprehensive income	54	-0	54	58	-98
Adjustments regarding prior years recognised in the income statement	-	-	-188	-75	-63
Adjustments related to the change of control acc IFRS 10	-	-	-40	-	-
Adjustment relating to the disposal/purchase of equity accounted investments	-14	-	-4	40	-2
Transferred to joint taxation contribution etc	-4	-157	-4	-1	-
<b>Deferred tax End of Period</b>	<b>-3.943</b>	<b>-4.526</b>	<b>-3.943</b>	<b>-4.526</b>	<b>-4.373</b>
<b>Deferred tax is recognised as follows:</b>					
Deferred tax asset	-5.678	-5.709	-5.678	-5.709	-5.507
Deferred tax liability	1.735	1.183	1.735	1.183	1.134
	<b>-3.943</b>	<b>-4.526</b>	<b>-3.943</b>	<b>-4.526</b>	<b>-4.373</b>

**Deferred tax assets not recognised in the balance sheet**

<b>EUR'000</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>Q2 2015</b>	<b>Q1 2014</b>	<b>2014</b>
Temporary differences	-5.678	-5.709	-3.943	-4.526	-5.507
Tax assets not recognised	-	-	-	-	-
<b>Total</b>	<b>-5.678</b>	<b>-5.709</b>	<b>-3.943</b>	<b>-4.526</b>	<b>-5.507</b>

Deferred tax assets is substantially attributable to tax losses carried forward

Deferred tax liabilities is substantially attributable to temporary differences on wind and solar assets.

Please note that the group is not just taxed through the group companies, but also through the many tax transparent vehicles which is either recognized as Joint Ventures, associates or other investments.

## 4.2 Staff costs

### Unaudited

	Q2 2015	Q2 2014	1H 2015	1H 2014	2014
Wages, salaries and remuneration	1.196	1.111	2.190	2.090	3.569
Contributions to defined contribution plans	10	6	19	11	28
Other social security costs	15	17	28	23	49
Other staff cost	72	42	128	86	185
Capitalized salaries on inventories	-125	-90	-250	-180	-360
<b>Total</b>	<b>1.168</b>	1.086	<b>2.115</b>	2.030	3.471
Average number of full time employees	48	47	49	45	46
Number of full times employees at end of period	46	47	46	47	46

#### **4.4 Financial risks and financial instruments**

##### **Accounting policies**

###### **Financial assets**

###### **Initial recognition and measurement**

The Group's financial assets include cash and cash equivalents, trade and other receivables, loan and other receivables, unquoted financial instruments, and derivative financial instruments. Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, available for sale, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group has not designated any financial assets at fair value through profit or loss.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through income statement, the directly attributable transaction costs.

###### **Derivatives and hedge accounting**

Derivative financial instruments are measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The 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.

The effective portion of the change in fair value of derivative financial instruments, which are classified and qualifies as hedging of expected future transactions, is recognised in other comprehensive income and presented in the cash flow hedge reserve in equity. Any amounts deferred in equity are transferred to the income statement in the period in which the hedged item affects the income statement. Any ineffective portion of the fair value change is recognised immediately in the statement of profit or loss as financial expenses. If the hedging instrument expires or is sold or terminated or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Changes in the fair value of derivative financial instruments which do not meet the criteria of hedge accounting are recognised in financial income or financial expenses in the income statement.

###### **Financial risk management objectives and policies**

The Group's principal financial liabilities, other than derivatives, comprise of loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans to related parties, trade and other receivables, and cash and cash equivalent that derive directly from its operations. The Group also enters into derivative transactions. The Group is exposed to market risk, credit risk and liquidity risk. Group management oversees the management of these risks including overseeing that the Group's financial risk activities are governed by the policies and procedures outlined by management and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

###### **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments.

###### **Foreign exchange risk:**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a different currency from the Group's presentation currency and the Group's net investments in foreign subsidiaries.

When the nature of the hedge relationship is not an economic hedge, it is the Group's policy to negotiate the terms of the hedging derivatives to match the terms of the underlying hedge items to maximise hedge effectiveness. The Group hedges its exposure to fluctuations on the translation into euros of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps.

**Interest rate risk:*****Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

**Liquidity risk:**

The Group monitors its risk to a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and bonds issue. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

## 4.5 Derivatives

### Fair value of financial instruments.

The Group uses fair value for certain disclosures and measurement of financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

#### Q2 2015

EUR '000	Currency instruments	Interest Rate Swaps	Total
Contractual value maturity 2026-06-15		5.859	
		-	5.859
Fair value		7.043	7.043
Of which the ineffectiveness is recognised in the income statement		-	-
Of which is recognised in the statement of other comprehensive income		208	208

#### Full year 2014

EUR '000	Currency instruments	Interest rate instruments	Total
Contractual value maturity 2026-06-15		6.035	
		-	6.035
Fair value		7.516	7.516
Of which the ineffectiveness is recognised in the income statement		-	-
Of which is recognised in the statement of other comprehensive income		1.379	1.379

## Financial instruments by category

EUR'000	Q2 2015	2014
Loans to business partner for the acq of windparks in Germany	5.920	5.920
Loans to business partners for the acq of solar parks in Spain	2.486	2.461
<b>Total interest bearing receivable</b>	<b>8.406</b>	<b>8.381</b>
Trade receivables	70.154	70.285
Other receivables (non interest bearing)	2.873	3.465
<b>Total non interest bearing receivable</b>	<b>73.027</b>	<b>73.750</b>
Cash and bank balances	8.881	13.328
<b>Total loan and receivables</b>	<b>90.314</b>	<b>95.459</b>

	Carrying amount	Fair value	Carrying amount	Fair value
EUR'000	Q2 2015	Q2 2015	2014	2014
Bank and other credit institutes	41.768	41.768	34.948	34.948
Issued bonds	51.885	51.859	51.750	51.750
<b>Borrowings</b>	<b>93.653</b>	<b>93.627</b>	<b>86.698</b>	<b>86.698</b>
Trade payables	43.921	43.921	42.310	42.310
Other financial liabilities	8.667	8.667	8.774	8.774
Total financial liabilities	146.241	146.215	137.782	137.782

Fair value of the issued bonds is equal to the listed bond price at balance sheet date.



#### **4.8 Events after the balance sheet date**

There have not been any significant events after the balance sheet date.

#### 4.9 First-time adoption of IFRS

These financial statements, for the period ended 30 June 2015, are the second report the Group has prepared in 2015 in accordance with IFRS as adopted by EU. For periods up to and including the year ended 31 December 2014, the Group prepared its financial statements in accordance with the Danish Financial Statements Act, Danish generally accepted accounting practice (Danish GAAP).

Accordingly, the Group has prepared financial statements which comply with IFRS as adopted by EU applicable for periods ending on or after 31 December 2014, together with the comparative period data at and for the year ended 31 December 2014. In preparing these financial statements, the Group's opening statement of financial position was prepared at 1 January 2014, the Group's date of transition to IFRS. This note explains the principal We have worked on the International Financial Reporting standard (IFRS) conversion project, initiated by the listing of our bonds. As part of the IFRS implementation we have reviewed a significant number of companies and hundreds of contracts in order to establish a total overview of the implications of IFRS 10 (control), IFRS 11 (Joint Arrangements) and IAS 17 (Leasing Arrangements). The second IFRS report is for Q2 2015 and issued end of August

Exemptions applied

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRS.

The Group has applied the following exemptions:

IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS, or of interests in associates and joint ventures that occurred before 1 January 2014. Use of this exemption means that the Danish GAAP carrying amounts of assets and liabilities, which are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position.

IFRS 1 also requires that the Danish GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2014.

The Group has not applied IAS 21 retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at 1 January 2014.

The estimates at 1 January 2014 and at 31 December 2014 are consistent with those made for the same dates in accordance with Danish GAAP (after adjustments to reflect any differences in accounting policies).

The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 January 2014, the date of transition to IFRS and as of 31 December 2014.

Decommissioning liabilities included in the cost of property, plant and equipment.

Under IAS 16 the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

IFRS 1 provides an exemption for changes that occurred before the date of transition to IFRS and prescribes an alternative treatment if the exemption is used.

A decommissioning liability is measured in accordance with IAS 37 at the date of transition to IFRS, and an estimate of the amount to include in the cost of the asset when the liability first arose is made at the date of transition to IFRS.

IAS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. Also according to IAS 16 the cost of major inspections is capitalised and depreciated separately over the period to the next major inspection.

At the date of the transition to IFRS we have made calculations and studies showing that the difference between the value of the power generating assets according to local DK GAAP and to the value calculated using IAS 16 as above described is immaterial why no changes has been made at property, plant and equipment. On an ongoing basis we will follow IAS 16 and capitalise significant component part of an item of property, plant and equipment if material to the business.

#### 4.9 IFRS 1 tables

The below tables shows the results of the transition from DK GAAP to IFRS as from the adoption date January 1st 2014.

The DK GAAP results for the Group can be found in the Annual Report for 2014 and 2013, and the reclassification and conversions made to these numbers are shown in the next column. For Q2 2014 there are no results published, so the below numbers are official for the first time in this quarterly interim report. The need for publication of quarterly results for the European Energy Group came as a result of the Groups issue of the EUR 45m bond loan.

For all reclassifications and conversions from DK GAAP to IFRS we have in the templates added litra starting from a) and upwards. Below the templates the specification of all changes are described.

#### Group reconciliation of equity at 1 January 2014 (Date of transition to IFRS): (Unaudited)

EUR'000	Danish GAAP 01.01.2014	Effect of transition to IFRS 01.01.2014	IFRS at 01.01.2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	238	0	238
Other intangible assets (project portfolio)	11.955	-11.955 a)	0
Property, Plant and equipment	50.170	2.880 b)	53.050
Equity accounted investments	13.492	200 b) c)k)	13.692
Other investments	4.449	-1.186 c)	3.263
Loans to related parties	13.911	722 d)	14.633
Trade receivable from related parties	0	0	0
Trade receivables	13.515	0	13.515
Other receivables	9.217	-722 d)	8.495
Deferred tax assets	0	5.294 e)	5.294
<b>Total non-current assets</b>	<b>116.947</b>	<b>-4.767</b>	<b>112.180</b>
<b>Current assets</b>			
Inventories	0	11.955 a)	11.955
Trade receivables	17.442	53 b)	17.495
Deferred tax asset	5.294	-5.294 e)	0
Other receivables	2.853	6 b)	2.859
Prepayments	205	4 b)	209
Cash and cash equivalents	5.110	166 b)	5.276
<b>Total current assets</b>	<b>30.904</b>	<b>6.890</b>	<b>37.794</b>
<b>TOTAL ASSETS</b>	<b>147.851</b>	<b>2.123</b>	<b>149.974</b>

EUR'000	Danish GAAP 01.01.2014	Effect of transition to IFRS 01.01.2014	IFRS at 01.01.2014
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.340	0	1.340
Share premium		0	0
Reserves		0	0
Retained earnings	51.218	-990 c)k)	50.228
Equity attributable to owners of the Company	52.558	-990	51.568
Non-controlling interests	0	1.836 b) f)	1.836
<b>Total Equity</b>	<b>52.558</b>	<b>846</b>	<b>53.404</b>
Non-controlling interests	1.636	-1.636 f)	0
Deferred tax liabilities	932	-932 g)	0
<b>Liabilities</b>			
Liabilities related to the issue of bonds	7.600	0	7.600
Project financing	38.101	2.579 b)	40.680
Other debt regarding project portfolio	198	0	198
Other debt to credit institutions	605	0	605
Other debt relating to the acquisition of companies	4.737	0	4.737
Deferred tax liabilities	0	1.166 b)c)g)	1.166
<b>Total non-current liabilities</b>	<b>51.241</b>	<b>3.745</b>	<b>54.986</b>
Credit institutions	23.163	0	23.163
Other debt relating to the acquisition of companies	4.268	0	4.268
Trade payables	3.345	32 b)	3.377
Payables to related parties	101	0	101
Corporation Tax	1.718	0	1.718
Other payables	8.889	68 b)	8.957
<b>Total current liabilities</b>	<b>41.484</b>	<b>100</b>	<b>41.584</b>
<b>Total liabilities</b>	<b>92.725</b>	<b>3.845</b>	<b>96.570</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>147.851</b>	<b>2.123</b>	<b>149.974</b>

**Group reconciliation of total comprehensive income for Q2 2014 (unaudited)**

EUR'000	Danish GAAP Q2	Effect of transition to IFRS Q2	IFRS Q2
Revenue	5.711	62 b)	5.773
Profit after tax from equity accounted investments	0	-322 c)h)	-322
Other income	0	0	0
Direct costs	-2.022	-21 b)	-2.043
Gross profit	3.689	-281	3.408
Staff costs	-1.176	90 i)	-1.086
Other external costs	-524	-2 b)	-526
Depreciation & impairment	-370	-35 b)	-405
<b>Operating profit</b>	<b>1.619</b>	<b>-228</b>	<b>1.391</b>
	0		
Other external costs	0	0	
Profit from associates	-346	346 h)	0
Finance income	315	0	315
Finance expenses	-1.621	67 b)i)	-1.554
<b>Profit before tax</b>	<b>-33</b>	<b>185</b>	<b>152</b>
	0		
Tax	-146	0 b)c)	-146
<b>Profit for the year</b>	<b>-179</b>	<b>185</b>	<b>6</b>
<b>Attributable to:</b>			
Equity holders of the parent	-259	199 b)c)i)	-60
Non-controlling interests	80	-14	66
<b>Non-controlling interests</b>	<b>-179</b>	<b>185</b>	<b>6</b>
<b>Other comprehensive income</b>			
Profit for the year	-179	185	6
<i>Items that may be reclassified to profit or loss</i>			
Other comprehensive income of equity accounted interest net of tax			-
Non-controlling part of other comprehensive income	0	-72	-72
Value adjustments of hedging instruments, net of tax	0	-33	-33
Exchange differences on translating foreign operations, net tax	0	37	37
<b>Other comprehensive income for the year, net of tax</b>	<b>0</b>	<b>-68</b>	<b>-68</b>
<b>Total income</b>	<b>-179</b>	<b>117</b>	<b>-62</b>

Group reconciliation of total comprehensive income for the year ended 30 June 2014 (unaudited)

EUR'000	Danish GAAP 30.06.2014	Effect of transition to IFRS 30.06.2014	IFRS 30.06.2014
Revenue	7.625	222 b)	7.847
Profit after tax from equity accounted investments	0	204 c)h)	204
Other income	0	0	0
Direct costs	-3.027	-47 b)	-3.074
Gross profit	4.598	379	4.977
Staff costs	-2.210	180 i)	-2.030
Other external costs	-970	-6 b)	-976
Depreciation & impairment	-739	-70 b)	-809
<b>Operating profit</b>	<b>679</b>	<b>483</b>	<b>1.162</b>
Other external costs		0	
Profit from associates	153	-153 h)	0
Finance income	605	0	605
Finance expenses	-2.862	144 b)j)	-2.718
<b>Profit before tax</b>	<b>-1.425</b>	<b>474</b>	<b>-951</b>
Tax	184	-6 b)c)	178
<b>Profit for the year</b>	<b>-1.241</b>	<b>468</b>	<b>-773</b>
<b>Attributable to:</b>			
Equity holders of the parent	-1.240	449 b)c)i)	-791
Non-controlling interests	-1	19	18
<b>Non-controlling interests</b>	<b>-1.241</b>	<b>468</b>	<b>-773</b>
<b>Other comprehensive income</b>			
Profit for the year	-1.241	468	-773
<i>Items that may be reclassified to profit or loss</i>			
Other comprehensive income of equity accounted interest net of tax			-
Non-controlling part of other comprehensive income		0	-
Value adjustments of hedging instruments, net of tax		112	112
Exchange differences on translating foreign operations, net tax		-3	-3
<b>Other comprehensive income for the year, net of tax</b>	<b>0</b>	<b>109</b>	<b>109</b>
<b>Total income</b>	<b>-1.241</b>	<b>577</b>	<b>-664</b>

Group reconciliation of equity at 30 June 2014 (unaudited):

EUR'000	Danish GAAP 30.06.2014	Effect of transition to IFRS 30.06.2014	IFRS at 30.06.2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	220	0	220
Other intangible assets (project portfolio)	11.026	-11.026 a)	0
Property, Plant and equipment	50.841	2.810 b)	53.651
Equity accounted investments	15.449	251 b) c)k)	15.700
Other investments	4.456	-1.186 c)	3.270
Loans to related parties	14.713	723 d)	15.436
Trade receivable from related parties	0	0	0
Trade receivables	12.613	0	12.613
Other receivables	9.083	-723 d)	8.360
Deferred tax assets	0	5.709 e)	5.709
<b>Total non-current assets</b>	<b>118.401</b>	<b>-3.442</b>	<b>114.959</b>
<b>Current assets</b>			
Inventories	0	11.405 a)	11.405
Trade receivables	16.636	19 b)	16.655
Deferred tax asset	5.709	-5.709 e)	0
Other receivables	3.235	4 b)	3.239
Prepayments	206	26 b)	232
Cash and cash equivalents	21.946	200 b)	22.146
<b>Total current assets</b>	<b>47.732</b>	<b>5.945</b>	<b>53.677</b>
<b>TOTAL ASSETS</b>	<b>166.133</b>	<b>2.503</b>	<b>168.636</b>

EUR'000	Danish GAAP 30.06.2014	Effect of transition to IFRS 30.06.2014	IFRS at 30.06 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			0
Share capital	1.340	0	1.340
Share premium		0	0
Reserves		0	0
Retained earnings	50.088	-542 c)k)	49.546
Equity attributable to owners of the Company	51.428	-542	50.886
Non-controlling interests	0	1.854 b) f)	1.854
<b>Total Equity</b>	51.428	1.312	52.740
Non-controlling interests	1.635	-1.635 f)	0
Deferred tax liabilities	942	-942 g)	0
<b>Liabilities</b>			
Liabilities related to the issue of bonds	51.775	0	51.775
Project financing	37.674	2.480 b)	40.154
Other debt regardig project portfolio	198	0	198
Other debt to credit institutions	10	0	10
Other debt relating to the acquisition of companies	4.466	0	4.466
Deferred tax liabilities	0	1.183 b)c)g)	1.183
<b>Total non-current liabilities</b>	94.123	3.663	97.786
Credit institutions	2.214	0	2.214
Other debt relating to the acquisition of companies	3.626	0	3.626
Trade payables	2.618	23 b)	2.641
Payables to related parties	168	0	168
Corporation Tax	1.633	0	1.633
Other payables	7.746	82 b)	7.828
<b>Total current liabilities</b>	18.005	105	18.110
<b>Total liabilities</b>	112.128	3.768	115.896
<b>TOTAL EQUITY AND LIABILITIES</b>	166.133	2.503	168.636

## Consolidated statement of cash flows

For the period ended 30 June 2014 (unaudited)

EUR'000	Danish GAAP 30.06.2014	Effect of transition to IFRS 30.06.2014	IFRS at 30.06.2014
<b>Cash flow from operating activities</b>			
Profit/loss before tax	-1.425	474 b)c)i)	-951
Adjustments for:			
Financial income	-605	0	-605
Financial Expenses	2.862	-144 b)j)	2.718
Depreciations, write downs	1.088	70 b)	1.158
Profit from associates	-153	-51 b)c)	-204
Change in networking capital	-2.276	1.165	-1.111
Other non-cash items [analyse if material]	0	-1.778	-1.778
	-509	-264	-773
Dividends received			0
Taxes paid	-180	0 b)	-180
Interest paid	-2.762	144 b) i)	-2.618
Interest received	584	0	584
<b>Cash flow from operating activities</b>	<b>-2.867</b>	<b>-120</b>	<b>-2.987</b>
<b>Cash flow from investing activities</b>			
Purchase of intangible assets and property, plants and equipment	-3.303	253 j)	-3.050
Proceeds from sale of intangible assets and property, plants and equipment	0	0	0
Purchase of other investments	0	0	0
[Proceeds from disposal of subsidiaries, equity accounted investments]	0	0	0
Proceeds from sale of other investments	1.592	0	1.592
[Investment in equity accounted investments]	-793	0	-793
Dividends	20	0	20
<b>Net cash flow from investing activities</b>	<b>-2.484</b>	<b>253</b>	<b>-2.231</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of bonds	45.000	0	45.000
Transaction costs regarding bond issue	-900	0	-900
Proceeds from borrowings	3.034	0	3.034
Repayment of borrowings	-25.002	-99	-25.101
Changes in payables to associates	55	0	55
Non controlling interests share of capital increase in subsidiary	0	0	0
Other Transactions with owners	0	0	0
<b>Cash flow from financing activities</b>	<b>22.187</b>	<b>-99</b>	<b>22.088</b>
<b>Change in cash and cash equivalents</b>	<b>16.836</b>	<b>34</b>	<b>16.870</b>
Cash and cash equivalents at 1 January	5.110	166 b)	5.276
<b>Cash and cash equivalents end of period</b>	<b>21.946</b>	<b>200</b>	<b>22.146</b>
Of which restricted cash and cash equivalents	0	0	0
<b>Non-restricted cash and cash equivalents end of period</b>	<b>21.946</b>	<b>200</b>	<b>22.146</b>



Group reconciliation of total comprehensive income for the year ended 31 December 2014 (unaudited)

EUR'000	Danish GAAP 31.12.2014	Effect of transition to IFRS	IFRS at 31.12.2014
Revenue	60.156	410 b)	60.566
Profit after tax from equity accounted investments	0	473 c)h)k)	473
Other income	0	0	-
Direct costs	-44.114	-817 b)	-44.931
Gross profit	16.042	-344	16.108
Staff costs	-3.831	360 i)	-3.471
Other external costs	-1.919	-23 b)	-1.942
Depreciation & impairment	-1.458	-140 b)	-1.598
<b>Operating profit</b>	<b>8.834</b>	<b>-147</b>	<b>9.097</b>
Other external costs		0	
Profit from associates	494	-494 h)	-
Finance income	1.024	0	1.024
Finance expenses	-6.220	297 b)i)	-5.923
<b>Profit before tax</b>	<b>4.132</b>	<b>-344</b>	<b>4.198</b>
Tax	-458	-10 b)c)	-468
<b>Profit for the year</b>	<b>3.674</b>	<b>-354</b>	<b>3.730</b>
<b>Attributable to:</b>			
Equity holders of the parent	3.536	32 b)c)i)k)	3.568
Non-controlling interests	138	24 b)	162
<b>Non-controlling interests</b>	<b>3.674</b>	<b>56</b>	<b>3.730</b>
<b>Other comprehensive income</b>			
Profit for the year	3.674	56	3.730
<i>Items that may be reclassified to profit or loss</i>			
Other comprehensive income of equity accounted interest net of tax		1	1
Non-controlling part of other comprehensive income		0	-
Value adjustments of hedging instruments, net of tax		-263	-263
Exchange differences on translating foreign operations, net tax		44	44
<b>Other comprehensive income for the year, net of tax</b>	<b>0</b>	<b>-218</b>	<b>-218</b>
<b>Total income</b>	<b>3.674</b>	<b>-162</b>	<b>3.512</b>

Group reconciliation of equity at 31 December 2014 (unaudited):

EUR'000	Danish GAAP 31.12.2014	Effect of transition to IFRS 31.12.2014	IFRS at 31.12 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	199	0	199
Other intangible assets	12.557	-12.557 a)	0
Property, Plant and equipment	48.700	2.740 b)	51.440
Equity accounted investments	16.388	-289 b) c(k)	16.099
Other investments	3.551	0 c)	3.551
Loans to related parties	15.598	724 d)	16.322
Trade receivables	6.689	0	6.689
Other receivables	9.117	-723 d)	8.394
Deferred tax assets	0	5.507 e)	5.507
<b>Total non-current assets</b>	<b>112.799</b>	<b>-4.598</b>	<b>108.201</b>
<b>Current assets</b>			
Inventories	0	12.585 a)	12.585
Trade receivables	63.531	65 b)	63.596
Deferred tax asset	5.507	-5.507 e)	0
Other receivables	3.452	0	3.452
Prepayments	636	4 b)	640
Cash and cash equivalents	13.157	171 b)	13.328
<b>Total current assets</b>	<b>86.283</b>	<b>7.318</b>	<b>93.601</b>
<b>TOTAL ASSETS</b>	<b>199.082</b>	<b>2.720</b>	<b>201.802</b>
<b>LIABILITIES AND EQUITY</b>			
EUR'000	Danish GAAP 31.12.2014	Effect of transition to IFRS 31.12.2014	IFRS at 31.12 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.340	0	1.340
Share premium		0	0
Reserves		0	0
Retained earnings	53.588	-37 c(k)	53.551
Equity attributable to owners of the Company	54.928	-37	54.891
Non-controlling interests	0	2.546 b) f)	2.546
<b>Total Equity</b>	<b>54.928</b>	<b>2.509</b>	<b>57.437</b>
Non-controlling interests	2.322	-2.322 f)	0
Deferred tax liabilities	1.094	-1.094 g)	0
<b>Liabilities</b>			
Liabilities related to the issue of bonds	51.750	0	51.750
Project financing	32.567	2.381 b)	34.948
Other debt regarding project portfolio	0	0	0
Other debt to credit institutions	0	0	0
Other debt relating to the acquisition of companies	1.991	0	1.991
Deferred tax liabilities	0	1.134 b)c)g)	1.134
<b>Total non-current liabilities</b>	<b>86.308</b>	<b>3.515</b>	<b>89.823</b>
Credit institutions	3.898	0	3.898
Other debt relating to the acquisition of companies	5.534	0	5.534
Trade payables	34.749	36 b)	34.785
Payables to related parties	57	0	57
Corporation Tax	1.551	0	1.551
Other payables	8.641	76 b)	8.717
<b>Total current liabilities</b>	<b>54.430</b>	<b>112</b>	<b>54.542</b>
<b>Total liabilities</b>	<b>140.738</b>	<b>3.627</b>	<b>144.365</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>199.082</b>	<b>2.720</b>	<b>201.802</b>

## Consolidated statement of cash flows

For the year ended 31 December 2014 (unaudited)

EUR'000	Danish GAAP 31.12.2014	Effect of transition to IFRS 31.12.2014	IFRS at 31.12.2014
<b>Cash flow from operating activities</b>			
Profit/loss before tax	4.132	62 b)c)i)	4.194
Adjustments for:			
Financial income	-1.024	0	-1.024
Financial Expenses	6.220	-297 b)i)	5.923
Depreciations	1.791	140 b)i)	1.931
Other non-cash movements	-494	25 c) j)	-469
Change in networking capital	-10.834	-350	-11.184
Other non-cash items [analyse if material]	0	-1.289	-1.289
Sub total	-209	-1.709	-1.918
Dividends received	0	0	0
Taxes paid	-806	0	-806
Interest paid	-5.679	297 b) i)	-5.382
Interest received	1.024	0	1.024
<b>Cash flow from operating activities</b>	<b>-5.670</b>	<b>-1.412</b>	<b>-7.082</b>
<b>Cash flow from investing activities</b>			
Purchase of intangible assets and property, plants and equipment	-15.307	13.414 j)	-1.893
Proceeds from sale of intangible assets and property, plants and equipment	0	0	0
Purchase of other investments	-919	0	-919
[Proceeds from disposal of subsidiaries, equity accounted investments	12.760	-11.797 j)	963
[Investment in equity accounted investments]	-1.687	-2	-1.689
Dividends	0	0	0
<b>Net cash flow from investing activities</b>	<b>-5.153</b>	<b>1.615</b>	<b>-3.538</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of bonds	43.929	1.071 d)	45.000
Transaction costs regarding bond issue	0	-1.071 d)	-1.071
Proceeds from borrowings	567	0	567
Repayment of borrowings	-25.971	-198 c)	-26.169
Changes in payables to associates	-44	0	-44
Non controlling interests share of capital increase in subsidiary	389	0	389
Other Transactions with owners	0	0	0
<b>Cash flow from financing activities</b>	<b>18.870</b>	<b>-198</b>	<b>18.672</b>
<b>Change in cash and cash equivalents</b>	<b>8.047</b>	<b>5</b>	<b>8.052</b>
Cash and cash equivalents at 1 January	5.110	166 b)	5.276
<b>Cash and cash equivalents at 31 December</b>	<b>13.157</b>	<b>171</b>	<b>13.328</b>
Of which restricted cash and cash equivalents			0
<b>Non-restricted cash and cash equivalents at 31 December</b>	<b>13.157</b>	<b>171</b>	<b>13.328</b>
<b>Cash and cash equivalents</b>			
Cash and bank balances	13.157	171	13.328
Overdrafts			
Cash and cash equivalents at 31 December	13.157	171	13.328

Specification to IFRS 1 tables:

a)

The cost for development activities for the Group for project in construction, or still under development was under DK GAAP recognized as immaterial assets and has now under IFRS been classified as inventories under current assets.

b)

The German wind park Sieben Null GmbH & Co. KG was as per the adoption day of IFRS January 1<sup>st</sup> 2014 classified as a subsidiary according to the principles of IFRS 10 (control).

The IFRS results for the Group for 2014 includes then all balances for Sieben Null.

The schedule below includes all the changes made due to this.

Sieben Null EUR'000	Q2 2014	YTD Q2 2014	2014	1
<b>PL</b>				
Revenue	62	222	410	
Equity accounted investments	14	-19	-25	
Direct costs	-21	-47	-87	
Other external costs	-2	-6	-23	
Depreciation & impairment	-35	-70	-140	
Finance expenses	-32	-55	-101	
Tax	0	-6	-10	
<b>Assets/Liabilities</b>				
Property, Plant and equipment	2.810	2.810	2.740	
Equity accounted investments	-219	-219	-224	
Trade receivable from related parties	0		1	
Trade receivables	19	19	65	
Other receivables	4	4	0	
Prepayments	0	0	4	
Cash and cash equivalents	0	0		
Non-controlling interests	219	219	224	
Project financing	2.480	2.480	2.381	
Deferred tax liabilities	36	36	40	
Trade payables	23	23	36	
Other payables	82	82	76	
<b>Cash Flow</b>				
Profit/loss before tax	-14	25	34	
Financial Expenses	32	55	101	
Depreciations, write downs	35	70	140	
Other non-cash movements	-14	19		
Change in networking capital	0		6	
Taxes paid	6	0		
Interest paid	-32	-55	-101	
Interest received	0			
<b>Cash flow from operating activities</b>	<b>13</b>	<b>114</b>	<b>180</b>	

<b>Cash flow from investing activities</b>			
Purchase of intangible assets and prop	0	0	0
Proceeds from sale of intangible assets and property, plants and equipment	0	0	0
Purchase of other investments	0	0	0
[Proceeds from disposal of subsidiaries	0	0	0
Proceeds from sale of other investment	0	0	-2
[Investment in equity accounted investr	0	0	0
Dividends	0	0	-2
<b>Net cash flow from investing activiti</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of bonds	0	0	0
Transaction costs regarding bond issue	0	0	0
Proceeds from borrowings	0	0	0
Repayment of borrowings	-99	-99	-198
Changes in payables to associates	0	0	0
Non controlling interests share of capit	0	0	0
Other Transactions with owners	0	0	0
<b>Cash flow from financing activities</b>	<b>-99</b>	<b>-99</b>	<b>-198</b>
<b>Change in cash and cash equivalen</b>	<b>-67</b>	<b>34</b>	<b>5</b>

The impact on the balance for the Group as per the adoption day was an increase in the balance with EUR 2.909t. Since the Total Equity of the Group in IFRS includes the non-controlling interests, the total equity increases as per adoption day with 50 % of the net equity of the Sieben Null, equal to EUR 200t .

c)

The Windpark Wriezener Höhe GmbH & Co. KG in Germany was until Q4 in 2014 under DK GAAP recognized as an other investment since the EE-Group only had a 15% ownership in the park.

This was changed as a result of the group looking through all companies to determine whether the company was a subsidiary, associate or Joint Venture. This company is material for the Group due to the size and since the operation of the park is the groups responsibility and the group will have the possibility to affect the results of this park by good or bad management, the recognition of the results of the park should be done on an equity basis, also after DK GAAP principles.

This also is the case with IFRS.

But at the day of adoption of IFRS January 1<sup>st</sup> 2014 the company was recognized as an other investment, why changes has been made to 2014 beginning balance and to Q1 2014.

It is then important to notice that this correction is not an IFRS correction, but an error correction to the local GAAP quarterly reports.

The corrections are:

Wriezener Höhe EUR'000	<b>Q2 2014</b>	<b>2014</b>	<b>1. jan 2014</b>
<b>PL</b>			
Profit after tax from equity accounted invest	70		
Tax	0		
<b>Assets/Liabilities</b>			
Equity accounted investments	539		469
Other investments	-1.186		-1.186
Retained earnings	-852		-921
Deferred tax liabilities	205		204
<b>Cash Flow</b>			
Profit/loss before tax	70		
Profit from associates	-70		

d)

As a consequence of the reclassification made in 3) the shareholder loans to Wriezener Höhe EUR 723t has been reclassified from other receivables to Loans to related parties

e)

Deferred Tax Assets has been reclassified from current to non-current assets

f)

Non-Controlling interests has been reclassified so that it is now a part of the total equity.

g)

Deferred Tax Liabilities has been reclassified so that it is now a part of non-current Liabilities

h)

The Profit from associates under financial income, has been reclassified to profit after tax from equity accounted investments in the income section.

i)

Development costs are capitalized in accordance with the accounting policy. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The interests added from investing in inventories, and direct labor used to develop the projects has been capitalized on inventories. For sold projects the capitalized costs is then recognized in the direct cost. For the local GAAP report the direct labor and interests on capital spend has not been added to the development costs so re-measurements has been made.

For 2014 the total effect on retained earnings is an addition of EUR 28t, and a reclassification in the PL between Direct Costs with EUR -730t and Staff Costs with EUR 360t and Finance Expenses with 398t.

j)

In the cash flow statement the purchase of project portfolio has been reclassified from Purchase of intangible assets to change in networking capital, with specification in disclosure note 2.9 . The part of cash flow used during the year which has been sold has been offset against proceeds from disposal of subsidiaries and equity accounted investments.

k)

In the 4 Bulgarian associates which together is known as the Krupen wind park the co-owner of the park, an Italian utility company, has a call-option for a small part of the shares in the companies.

The management has evaluated the risk on this option and has decreased the value of the Groups shares in these companies with a total of EUR 69t at the adoption date January 1<sup>st</sup> 2014.

During 2014 the park has delivered a negative result, so the option was valued to EUR 65t end of 2014.

## Statement by the Board of Directors and the Management

The Board of Directors and the Management have considered and adopted the Interim Report of European Energy A/S for the period 1 January - 30 June 2015. The Interim Report is presented in accordance with the International Accounting Standard IAS 34 on Interim Financial Reporting and IFRS 1. The accounting policies applied in the Interim Report are changed from those applied in the Group's Annual Report 2014.

We consider the accounting policies appropriate, the accounting estimates reasonable and the overall presentation of the Interim Report adequate. Accordingly, we believe that the Interim Report gives a true and fair view of the Group's financial position, results of operations and cash flows for the period.

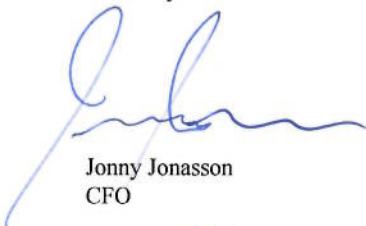
In our opinion, the Interim Report includes a true and fair account of the matters addressed and describes the most significant risks and elements of uncertainty facing the Group.

The Interim Report has not been audited or reviewed by the auditors.

Søborg, 31 August 2015


### Management Statement


  
Knud Erik Andersen  
CEO

  
Jonny Jonasson  
CFO

### Board of Directors:

  
Jens-Peter Zink  
Chairman

  
Knud Erik Andersen  
CEO

  
Mikael Dystrup Pedersen  
CTO