European Energy A/S

Interim Financial Report

Third quarter 2015

European Energy Group

Financial Review for Q3 2015

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

EUR'000	Q3 2015	Q3 2014	Q3YTD 2015	Q3YTD 2014	2014
Key figures					
Revenue	5,402	1,783	18,269	9,630	60,566
Profit after tax from equity accounted investments	-75	-205	744	-1	473
Other income	7	0	304	0	0
Direct costs	-4,125	-267	-10,613	-2,807	-44,931
Gross profit	1,209	1,845	8,704	6,822	16,108
EBITDA	-126	1,025	4,306	2,996	10,695
Operating profit	-512	454	3,173	1,616	9,097
Loss from financial income and expense	-125	-1,494	-1,483	-3,607	-4,899
Profit/loss before tax	**-637**	**-1,040**	**1,690**	**-1,991**	**4,198**
Tax	81	-350	-1,787	-172	-468
The Group's share of profit for the year	**-556**	**-1,390**	**-97**	**-2,163**	**3,730**
Total assets	182,579	168,820	182,579	168,820	201,802
Equity	**57,426**	**51,842**	**57,426**	**51,842**	**57,437**
Cash flows from operating activities	-2,775	-5,486	-6,265	-8,473	-7,082
Net cash flows from investing activities	-970	-1,974	-4,850	-4,205	-3,538
Cash flows from financing activities	11,170	-746	14,092	21,342	18.672
Total cash flows	**7,425**	**-8,206**	**2,977**	**8,664**	**8,052**
Financial ratios					
Gross margin	22,4%	103,5%	47,6%	70,8%	26,4%
Operating margin	-9,5%	25,5%	17,4%	16,8%	14,9%
Equity ratio	31,5%	30,7%	31,5%	30,7%	28,5%
Return on equity	-1,0%	-2,7%	-0,2%	-4,1%	6,7%
Average number of full-time employees	53	46	52	46	46

Financials for the Group in Q3 2015

Revenue in operating activities came in at EUR 5,4m, EUR 3,6m or 303% above last year Q3. The Year To Date, YTD, revenue for the Group is now EUR 18,3m .
The sale of power compared to Q3 2014 has increased with 9 %. The major reason to 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 information about the accounting principles for revenue recognition please look into Note 1.1 Segment information and the description in the Business model section.

YTD revenue in Wind ended up at EUR 10,4m before eliminations and the total revenue for 2014 amounted to EUR 14,3m before eliminations as stated in Note 1.1.

YTD revenue in Solar ended up at EUR 9,0m before eliminations and the total revenue for 2014 amounted to EUR 49,0m before eliminations as stated in Note 1.1.

The revenue in Q3 2015 relates to sale of electricity from power plants in Denmark and Spain, and from the construction and sale of additional power plants in Denmark. The financial close of the 2 UK power plants was concluded in Q3 which has been the major reason to the decrease in receivables of EUR 45m .The financial close gave a realized currency gain of EUR 1,1m
Since there is still a long term Earn Out part from the sale, the unrealized currency gain related to this is EUR 0,2m.

Q3 Operating Profit came in at EUR -0,5m, EUR 1,0m below last year. The major reason to the shortfall is the lack of sold power plants for this quarter. Furthermore an extra income from previous sales had great influence on the Q3 results in 2014.

The financial income for 2015 first 3 quarters has with EUR 2,0m of currency and capital gains been significantly better than 2014. Also the level of activity has increased to the highest level ever for the Group, resulting in increased borrowing, and increased loans given to associated companies within the group. This has increased the financial income – as well as the financial expenses.

Profit before tax ended up at EUR – 0,6m, EUR 0,4m above last year.

The Tax for the period was negative, or an income, amounted to EUR -81t (income) deriving from additions to Deferred Tax Assets due to the loss for the period.

YTD the Profit for the Group amounted to EUR -97t.

On the balance side the Trade Receivables decreased in the quarter from EUR 70m to EUR 25m.

The Group has obtained new loans for construction purposes for a total of EUR 11,6m. The project portfolio of developing project, hereof several under construction, has increased with EUR 10,5m in the quarter. Further to this the loans to related parties also increased with EUR 3,3m.

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 have delivered positive results. Also some of the wind power plants have delivered positive results even though the Q3 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 on an YTD basis, compared with 2014.

Full-year expectations 2015

Sale of electrical power from our operational assets is expected to be higher than 2014 due to the additions of 4 Danish solar power plants. The activity level in the Group are all time high. We expect that divestments of projects and project rights to generate a profit at least equal to 2014. The additions of nearly constructed power plants within the portfolio can increase the positive results in 2015 if sold. If not sold, then 2016 look to be a very promising year for the Group.

Management Review Q3 2015

Divestment of Power Generating Assets

During Q3 2015 the Group has moved forward a large number of planned transaction of both operational projects as well as projects under construction. Investors have been identified and the actual transaction process initiated. This relates to both wind and PV projects in the countries Denmark, Germany and UK. It is envisaged that some of these transactions will be concluded by end of Q1 2016.

Sale of Electrical Power

By the end of Q3 2015, our gross portfolio of power generating assets amounted to 362.9 MW of which 123.9 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]
Solar PV	**15,1**	**10,5**	**6,4**	**4,4**
Denmark	2,4	2,4	0,9	0,9
Italy	1,0	0,5	0,5	0,2
Spain	11,7	7,6	5,0	3,3
Wind	**347,8**	**113,4**	**103,8**	**31,7**
Bulgaria	14,4	6,2	5,1	2,3
Germany	299,8	101,3	86,9	27,2
Italy	33,6	5,9	11,8	2,2
Grand Total	**362,9**	**123,9**	**110,2**	**36,1**

The total production in Q3 2015 from our power generating assets amounted to 36.1 GWh (up from 30.0 GWh in Q3 2014) corresponding to an increase of 6.1 GWh (20%) as compared to Q3 2014. The gross production amounted to 110.2 GWh.

Solar PV

The total realised solar PV electrical power production in Q3 2015 was 93% of the expected production. The solar PV electrical power production compared to budget per country was:

- Denmark: 114%
- Italy: 108%
- Spain: 89% (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 power production was 95% of the expected production. The wind electrical power production compared to budget per country was:

- Bulgaria: 92%
- Germany: 93%
- Italy: 116%

Power prices have generally been low in in the third 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 very limited effect on our profit from the sale of electrical power.

Asset Management

Assets managed on behalf of third parties comprised 45 MW in Q3 2015. European Energy receives commercial management fees in exchange for our services.

Activities

In the third quarter we have continued construction and finalization of a larger number of PV projects in UK and Denmark as well as wind projects in Germany and near- and offshore projects in Denmark. In fact, the current activity level is record high with construction ongoing of more than 250 MW in several countries totaling a construction value of close to EURm 300. Some of the projects are considerable in size moving EE into the major industrialization era of renewable energy. In comparison, EE has since 2004 over 10 years constructed a total of 524 MW with a construction value of EURm 683. As a result, the years 2015 and 2016 will be the most exciting and challenging years ever and move EE to a new level in terms execution capacity and partners.

The United Kingdom – construction of 30 MW Solar in four sites

In the third quarter of 2015 we have initiated construction on three sites. Each of the projects consists of 5 MW. In November 2015 we completed construction and grid connected the first of the three sites, Canewdon (5 MW). The two other sites, West End Farm (5 MW) and High Leas (5 MW) are planned to be completed and grid connected within Q4 of 2014. In a fourth site in Woodhouse (5 MW) we will initiate construction during Q4 and plan construction completion and grid connection during Q1 2016. The sales process for all four sites has been initiated as a portfolio deal and we experience a strong appetite in the market for such assets. However, due to the tight construction deadline we currently do not expect to conclude a sale of the assets in 2015. Two of the four sites, West End Farm and Canewdon, can be extended with each further 5 MW under the Community Interested Company (CIC) scheme. The construction of these two sites has been planned for Q1-Q2 2016 as they already have achieved FiT pre-accreditation and the CIC scheme allows for later grid connection.

Denmark – construction of 121 MW wind and 84 MW solar

The construction of the Måde project, consisting of in total 23 MW, has started and the construction financing has been closed. This project includes the world's two first and largest commercial MHI Vestas V164 8MW turbines. According to plan it is expected that the V164 turbines will be taken into operation in Q4 with mechanical completion and grid connection during November 2015. The project will during late 2016 we be extended with two additional Vestas V117 3,45MW turbines whereby the project reaches its total capacity of 23 MW.

In parallel we are still in construction with the Ulvemosen project, consisting of 10 x Vestas V117 turbines, which have been delayed in construction due to appeals on the EIA. Construction is planned to be completed during late 2016. Our construction activities on the island of Lolland continue after the first wind farm in Tjørneby, 5 x Siemens SWT-3,3-113, was completed in 2012. We have ordered 11 x Vestas V117 3,45MW turbines for the Rødby Fjord project. This will be extended with the test site in Kappel consisting of 7 x 3-4 MW turbines. Both the Rødby Fjord and Kappel projects will be constructed and grid connected during late 2016.

We have also engaged into a partnership for the construction of 141 x 400 kWn PV plants in Denmark – in total almost 84 MW. Both financing and contracting for supply has been secured. We plan to complete construction of these plants during Q4 2015 or Q1 2016.

In the project Vandel we have started construction of the 75 MW PV plants which consists of 126 x 400 kWn installations. It is the largest PV plant in the Scandinavian region and our first utility scale PV project. The plant covers 108 ha. The sales process has been initiated and we have qualified a buyer with whom we have signed a Term Sheet and started the due diligence process.

In Nakskov we will install the additional 15 x 400 kWn PV projects on two locations expanding the already existing portfolio of PV projects around the city of Nakskov.

Germany – construction of 22 MW wind in four sites

In Germany we have several construction processes ongoing. The construction of 5 x Nordex N117, 2,4MW turbines has started in Vetschau and proceeds according to plan. Furthermore we have 1 x Vestas V90 2MW in Badingen and 2 x Vestas V112 3,45MW turbines in Mönchsrot in construction. Construction financing and potentially long term financing has been secured in these projects. In Badingen construction has been completed. In addition we have initiated negotiation for the acquisition of the projects rights to a project in Frehne consisting of 1 x Senvion MM100 2MW. Construction financing of the Frehne project is secured and construction is planned to be completed in Q1 2016. For all German wind projects the buyer has been located and sales processes initiated. The Badingen project is sold.

Near-shore

During Q3 2015 our Nearshore and Offshore projects have increased in activity level. On the suppliers side we have initiated the procurement process for our 350 MW Nearshore program and launched a tender procedure to identify preferred suppliers for the purchase of goods in the range of +800 million €. The response has been significant and satisfying enough to proceed into intensified discussions with various suppliers. On 20. October European Energy Nearshore Consortium (EENC) handed in its preliminary bid to the Danish Energy Agency (DEA). This resulted in an invitation to engage in a dialogue with the DEA on potential improvements of the tender conditions/terms. Finale and binding offer is due on 4. April 2016

During the month of October European Energy A/S and its partner Boralex Europe S.A. additionally prequalified for the 600 MW tender in Kriegers Flak under the DEA among six other experienced contenders. First indicative bid is due in April 2016 and finale and binding offer in November 2016.

For the two Open Door projects in Jammerland Bay and Omø South the process on the EIA approval with the DEA is delayed. It should be expected that the building permits will be delayed to 2016.

Nordic Power Partners

In NPP the first projects are reaching notable milestones; On the Maldives we have ordered the materials to start construction which will commence in December. Commercial operation is now expected in Q1 2016. Further, in Jordan the wind project “Al Rajef” of 82 MW, of which NPP owns 20 %, has signed a PPA with the national utility. This project is expected to go into commercial operation in 2018 only due to grid reinforcement issues. The remaining pipeline of projects has also developed positively with projects reaching the expected milestones in several countries.

Consolidated statement of comprehensive income

For the quarter ended 30 September 2015

Note	**Unaudited** EUR'000	**Q3 2015**	**Q3 2014**	**Q3 YTD 2015**	**Q3 YTD 2014**	**2014**
1,1	Revenue	5.402	1.783	18.269	9.630	60.566
1,1	Profit after tax from equity accounted investments	-75	-205	744	-1	473
1,1	Other income	7	-	304	-	-
1,1	Direct costs	-4.125	267	-10.613	-2.807	-44.931
	Gross profit	1.209	1.845	8.704	6.822	16.108
4,2	Staff costs	-952	-629	-3.067	-2.659	-3.471
4,3	Other external costs	-383	-191	-1.331	-1.167	-1.942
2,3	Depreciation & impairment	-386	-571	-1.133	-1.380	-1.598
	Operating profit	-512	454	3.173	1.616	9.097
3,2	Finance income	1.231	16	2.722	621	1.024
3,2	Finance expenses	-1.356	-1.510	-4.205	-4.228	-5.923
	Profit/loss before tax	-637	-1.040	1.690	-1.991	4.198
4,1	Tax	81	-350	-1.787	-172	-468
	Profit/loss for the period	-556	-1.390	-97	-2.163	3.730
	Attributable to:					
	Shareholders of the Company	-526	-1.283	3	-2.074	3.568
	Non-controlling interests	-30	-107	-100	-89	162
	Profit/loss for the period	-556	-1.390	-97	-2.163	3.730
	Statement of comprehensive income					
	Profit/loss for the period	-556	-1.390	-97	-2.163	3.730
	Items that may be reclassified to profit or loss					
	Other comprehensive income of equity accounted investments net of tax	2	-	-168		
	Non-controlling part of other comprehensive income	-	34	-	34	-
	Value adjustments of hedging instruments, net of tax	-54	44	264	156	-331
	Exchange differences on translating foreign operations, net tax	321	-12	226	-15	113
	Other comprehensive income for the period, net of tax	269	66	322	175	-218
	Comprehensive income for the period	-287	-1.324	225	-1.988	3.512
	Attributable to:					
	Shareholders of the Company	-609	-1.239	-49	-1.921	3.323
	Non-controlling interests	322	-85	274	-67	189
	Comprehensive income for the period	-287	-1.324	225	-1.988	3.512

Consolidated statement of financial position

As of 30 September 2015

Note	Unaudited EUR'000	Q3 2015	Q3 2014	31.12.2014
	ASSETS			
	Non-current assets			
	Goodwill	186	203	199
2,3	Property, Plant and equipment	47.712	54.188	51.440
2,5	Equity accounted investments	17.816	15.410	16.099
2,6	Other investments	3.588	3.558	3.551
	Loans to related parties	23.024	15.974	16.322
2,7	Trade receivables	10.170	12.613	6.689
2,7	Other receivables	7.820	8.563	8.394
4,1	Deferred tax	6.018	5.541	5.507
	Total non-current assets	116.334	116.050	108.201
	Current assets			
2,4	Inventories/project portfolio	31.097	14.955	12.585
2,7	Trade receivables	14.852	17.162	63.596
2,7	Other receivables	3.618	6.478	3.452
	Prepayments	373	235	640
	Cash and cash equivalents	16.305	13.940	13.328
	Total current assets	66.245	52.770	93.601
	TOTAL ASSETS	182.579	168.820	201.802

Note	Unaudited EUR'000	Q3 2015	Q3 2014	31.12.2014
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	1.340	1.340	1.340
	Retained earnings	53.502	48.307	53.551
	Equity attributable to owners of the Company	54.842	49.647	54.891
	Non-controlling interests	2.584	2.195	2.546
	Total Equity	57.426	51.842	57.437
	Liabilities			
3,1	Liabilities related to the issue of bonds	51.963	51.962	51.750
3,1	Project financing	50.607	39.049	34.948
	Other debt regardig project portfolio	-	199	-
	Other debt relating to the acquisition of companies	1.479	3.860	1.991
4,1	Deferred tax	1.920	1.056	1.134
	Total non-current liabilities	105.969	96.126	89.823
3,1	Credit institutions	2.331	3.111	3.898
	Other debt relating to the acquisition of companies	4.629	3.899	5.534
	Trade payables	2.518	4.128	34.785
	Payables to related parties	67	258	57
	Corporation Tax	926	1.374	1.551
	Other payables	8.713	8.082	8.717
	Total current liabilities	19.184	20.852	54.542
	Total liabilities	125.153	116.978	144.365
	TOTAL EQUITY AND LIABILITIES	182.579	168.820	201.802

Consolidated statement of cash flows

For the period ended 30 September 2015

Note	Unaudited EUR'000	Q3 2015	Q3 2014	Q3 YTD 2015	Q3 YTD 2014	31.12.2014
	Cash flow from operating activities					
	Profit/loss before tax	-637	-1.041	1.690	-1.992	4.194
	Adjustments for:					
	Financial income	-1.231	-16	-2.722	-621	-1.024
	Financial Expenses	1.356	1.510	4.205	4.228	5.923
	Depreciations	386	310	1.133	1.468	1.931
	Other non-cash movements	460	205	-278	1	-469
2,9	Change in networking capital	-798	-5.981	-6.252	-7.092	-11.184
	Other non-cash items 1)	-	1.779	-15	1	-1.289
		-464	-3.234	-2.239	-4.007	-1.918
	Dividends received					
	Taxes paid	-1.640	-748	-2.132	-928	-806
	Interest paid incl currency losses	-1.276	-1.497	-3.990	-4.115	-5.382
	Interest received incl currency gains	605	-7	2.096	577	1.024
	Cash flow from operating activities	-2.775	-5.486	-6.265	-8.473	-7.082
	Cash flow from investing activities					
	Purchase of intangible assets and property, plants and equipment	465	(1.170)	(131)	(4.220)	(1.893)
	Proceeds from sale of intangible assets and property, plants and equipment	-	-	-	-	-
	Proceeds from disposal of subsidiaries, equity accounted investments	1.872	-	2.707	-	963
	Purchase of other investments	-	-	-	-	(919)
	Proceeds from sale of other investments	-	(281)	-	1.311	
	Investment/loans in equity accounted investments	(3.307)	(547)	(7.426)	(1.340)	(1.689)
	Dividends	-	24	-	44	-
	Net cash flow from investing activities	-970	-1.974	-4.850	-4.205	-3.538
	Cash flow from financing activities					
	Proceeds from issue of bonds	-	-	-	45.000	45.000
	Transaction costs regarding bond issue	-	-127		-1.027	-1.071
	Proceeds from borrowings	11.584	489	20.799	3.523	567
	Repayment of borrowings	-414	-1.210	-6.707	-26.311	-26.169
	Changes in payables to associates	-	102	-	157	-44
	Non controlling interests share of capital increase in subsidiary	-	-			389
	Cash flow from financing activities	11.170	-746	14.092	21.342	18.672
	Change in cash and cash equivalents	7.425	-8.206	2.977	8.664	8.052
	Cash and cash equivalents at beginning of period	8.880	22.146	13.328	5.276	5.276
	Foreign exchange adjustments of cash and cash equivalents	-	-	-	-	-
	Cash and cash equivalents end of period	16.305	13.940	16.305	13.940	13.328
	Of which restricted cash and cash equivalents	-	-	-	-	-
	Non-restricted cash and cash equivalents end of period	16.305	13.940	16.305	13.940	13.328

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

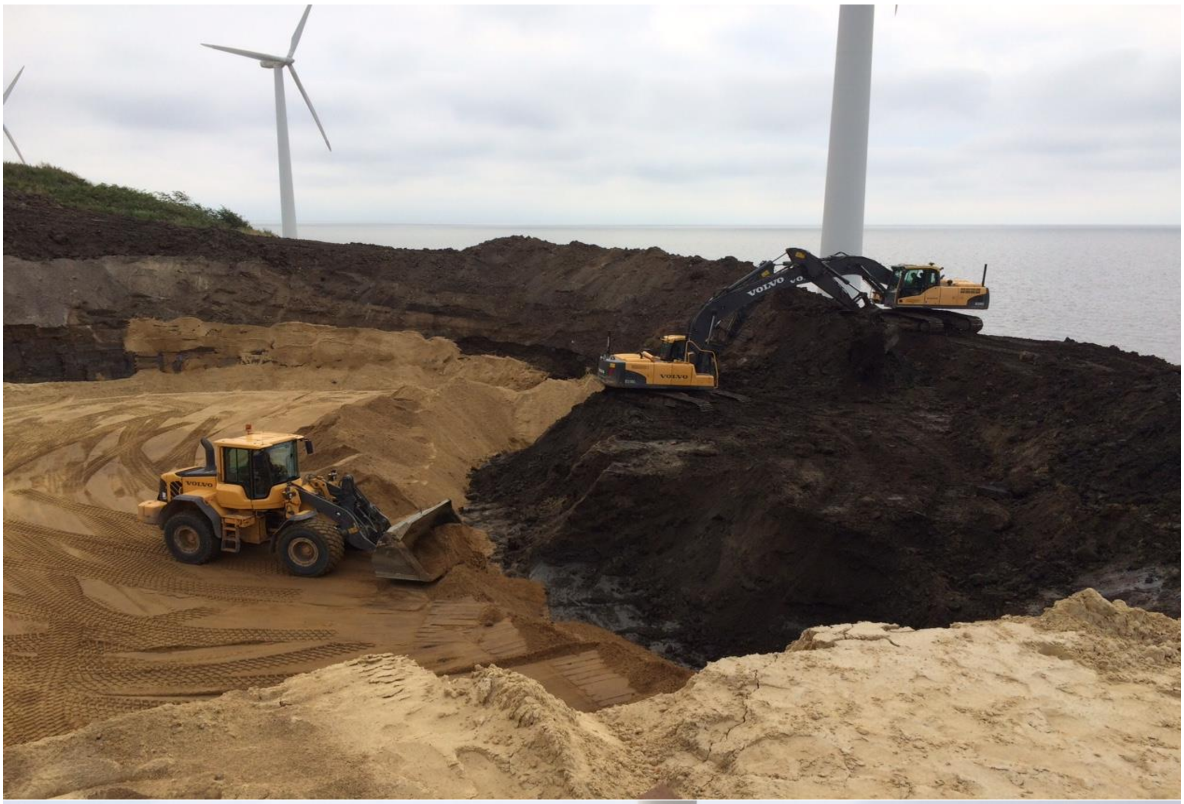
As of 30 September 2015

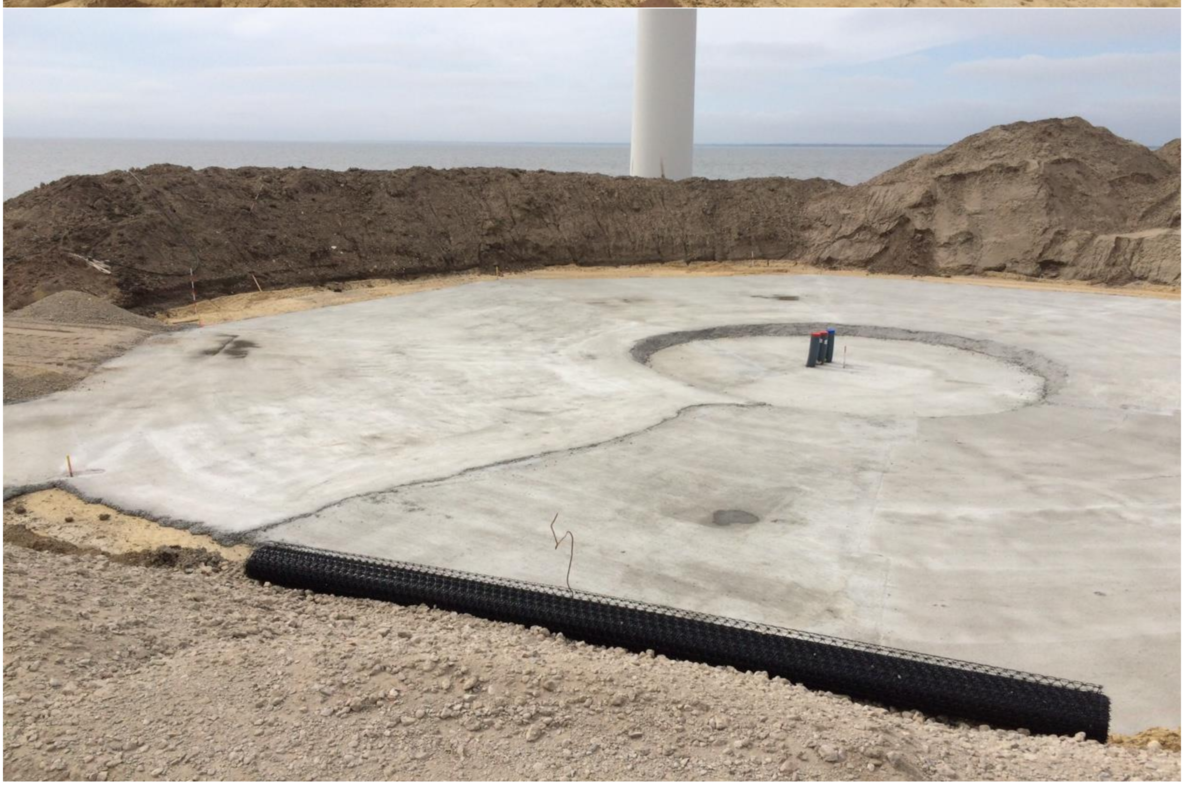
Unaudited

EUR'000	Share capital	Trans-lation reserve	Hedging reserve	Reserves	Total	Non-controlling interest	Total
Equity at 1 January 2014	1.340	-	-662	50.890	51.568	1.836	53.404
Profit/loss for the period	-	-	-	-2.074	-2.074	-89	-2.163
Total other comprehensive income	-	32	44	77	153	448	601
Total comprehensive income	-	32	44	-1.997	-1.921	359	-1.562
Equity at 30 September 2014	1.340	32	-618	48.893	49.647	2.195	51.842
Equity at 1 January 2014	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-contr	-	-	-	-	-	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	-	-	-	3	3	-100	-97
Total other comprehensive income	-	-148	264	-168	-52	374	322
Total comprehensive income	-	-148	264	-165	-49	274	225
Transactions with owners:							
Change of ownership interest with non-controlling interest	-	-	-	-	-	-236	-236
Total transactions with owners	-	-	-	-	-	-236	-236
Equity at 30 September 2015	1.340	-35	-729	54.266	54.842	2.584	57.426

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.

Pictures from the enormous foundation of Project Måde. The project includes the worlds two first and largest commercial MHI Vestas wind turbines with 8 MW capacity and a rotor diameter of 164 m.
The second turbine is expected to be grid connected in December 2015.
The foundation is the largest foundation build for a turbine in the world.





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 September 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 30 November 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 September 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	**2015**				
EUR'000	Wind	Solar	Un allocated	Adjustments and eliminations	Q3 2015 Group
Sale of energy farms and projects	8.884	-	-	-	8.884
Sale electricity	154	4.303	-	-	4.457
Construction	-	1.284	-	-	1.284
Asset management & other fees	92	1.652	-	-	1.744
Revenue to external customers	9.130	7.239	-	-	16.369
Inter-segment revenue	1.313	1.771	-	-1.184	1.900
Revenue	10.443	9.010	-	-1.184	18.269
Direct costs	-7.496	-3.117	-	-	-10.613
Staff Costs	-	-	-3.067	-	-3.067
Other costs	-743	-588	-	-	-1.331
Profit after tax from shares in equity accou	651	93	-	-	744
Other Income	304	-	-	-	304
Depreciation	-19	-1.078	-36	-	-1.133
Impairment of goodwill	-	-	-	-	-
Impairment of Wind and Solar farms	-	-	-	-	-
Impairment of doubtful receivables	-	-	-	-	-
Segment profit (Operating profit)	3.140	4.320	-3.103	-1.184	3.173
Total assets	51.477	119.973	11.129	-	182.579
Total liabilities	19.662	61.128	44.363	-	125.153

1.1 Segment information (continued) EUR'000	Wind	Solar	Un allocated	Adjustments and eliminations	2014 Group
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
Revenue to external customers	10.925	48.963	-	-509	59.379
Inter-segment revenue	3.278	-	-	-2.091	1.187
Revenue	14.203	48.963	-	-2.600	60.566
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	-	-	-	-	-
Segment profit (Operating profit)	5.730	9.493	-3.530	-2.596	9.097

Geographic information

	Revenue from external customers			
EUR'000	**Q3 2015**	**Q3 2014**	**Q3 YTD 2015**	**Q3 YTD 2014**
Denmark	3.487	894	13.719	3.302
Northern/middle Europe	528	(139)	589	1.719
South Europe	1.387	1.028	3.961	4.609
Total revenue	5.402	1.783	18.269	9.630

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 signifcant for the preparation of the interim report s, 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	4.220		-	-
Additions	-		17	17
Disposals	-2.772		-	-2.772
Effect of movements in exchange rates	-		-	-
Cost at 30 September 2014	8.350	54.970	684	59.784
Accumulated depreciation and impairment losses				
Balance at 1 January 2014	-1.671	-7.204	-614	-9.489
Depreciation	-124	-1.031	-24	-1.179
Disposals	852	-	-	852
Effect of movements in exchange rates				-
Accumulated dep/impairment at 30 September 2014	-943	-8.235	-638	-9.816
Carrying amount at 30 September 2014	7.407	46.735	46	54.188
				-
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
Disposals	-3.495	-	-	-3.495
Additions	-	43	89	132
Cost at 30 September 2015	635	56.868	792	58.295
Accumulated depreciation and impairment losses				-
Balance at 1 January 2015	-985	-8.578	-655	-10.218
Disposals	755	-	-	755
Depreciation	-19	-1.078	-23	-1.120
Accumulated dep/impairment at 30 September 2015	-249	-9.656	-678	-10.583
Carrying amount at 30 September 2015	386	47.212	114	47.712

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

Eur'000	Q3 2015	Q3 2014	2014
Under construction			
Solar farms for sale	1.205	3.476	-
Wind farms for sale	14.331	-	1.439
Under development			
Solar farms for sale	3.688	1.558	2.154
Wind farms for sale	11.873	13.397	8.992
Total inventory	31.097	18.431	12.585
Total solar farms	4.893	5.034	2.154
Total wind farms	26.204	13.397	10.431

Change in inventories write-downs

EUR '000	Q3 2015	Q3 2014	2014
Inventory write-downs at 1 January	-2.845	-2.878	-2.878
Write-down for the year, addition	-110	0	0
Write-down for the year, reversal	-	25	183
Total inventory write-downs	-2.955	-2.853	-2.695

Amount of inventory recognised in profit or loss

EUR '000	Q3 2015	Q3 2014	2014
Disposals	-6.037	-74	-6.949
Net write-downs	-110	25	183
Total	-6.147	-49	-6.766

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 diclosureshas 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

Eur'000	Note	**Q3 2015**	**2014**
Investments in joint venture	2.5.1	6.491	6.003
investments in associates	2.5.2	11.325	10.161
Total		17.816	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	**Q3 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%	27,0%	15%	34,2%	27%
Comprehensive income statement						
Revenue	5.461	2.077	2.891	7.519	2.338	3.731
Profit for the year (continuing operations)	679	293	299	1.120	(79)	656
Other comprehensive income						
Total comprehensive income	679	293	299	1.120	(79)	656
Balance sheet						
Non-current assets	36.564	15.926	20.805	38.395	16.618	23.598
Current-assets	5.580	1.636	250	4.533	1.620	-
Non-current liabilities	35.722	10.302	13.390	37.372	11.041	16.438
Current liabilities	2.022	2.139	627	1.833	2.529	419
Equity	4.401	5.121	7.038	3.723	4.668	6.741
Attributable to non-controlling interests	3.741	3.369	5.138	3.165	3.071	4.921
Attributable to investee's share holder	660	1.752	1.900	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	102	155	80	133	(27)	177
Change of ownership interest with non-controlling interest						
Dividend received during the year						
European Energy's interest in the net assets of the investee end of period	660	1.752	1.900	558	1.597	1.820
Elimination of unrealised profit on downstream sales				-		
Goodwill	-	-	59	-	-	-
Carrying amount of interest in investee end of period	660	1.752	1.959	558	1.597	1.820

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

EUR'000	Q3 2015	2014
Carrying amount of interests in immaterial associates		
The Group's share of:		
Profit/loss for the year of continuing activities	174	6
Other comprehensive income	-	-
Total comprehensive income	174	6
Total comprehensive income	174	6

2.5.2 Investments in joint ventures

Disclosures about materiel Joint ventures

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

	Q3 2015		2014	
	Jammerland Bay Nearshore A/S	**Omø South Nearshore A/S**	**Jammerland Bay Nearshore A/S**	**Omø South Nearshore A/S**
EUR'000	**Denmark**	**Denmark**	**Denmark**	**Denmark**
Ownership [%]	50%	50%	50%	50%
Comprehensive income statement				
Revenue	-	-	-	-
Profit for the year (continuing operations)	-18	62	6	-79
Other comprehensive income				-
Total comprehensive income	-18	62	6	-79
Includes:				
Depreciation and amortisation	-	-	-	-
interest income	-	-	-	-
interest expense	-1	0	-5	-
income tax	5	-17	2	22
Balance sheet				
Non-current assets	2.662	1.194	-	-
Current-assets	1.003	231	3.761	746
Non-current liabilities	-	1.366	-	750
Current liabilities	52	8	131	7
Equity	3.612	51	3.630	-11
Includes:				
cash and cash equivalents	982	219	1.625	71
current financial liabilities (excluding trade and other payables and provisions)	-	-	-	-
non-current financial liabilities (excluding trade and other payables and provisions)	-	1.366	-	750
European Energy's interest in the net assets period start	1.185	-6	68	34
Total comprehensive income attributable to European Energy	-9	31	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	1.176	25	1.815	-6
Elimination of unrealised profit on downstream sales	-	-	-630	-
Goodwill	-	-	-	-
Carrying amount of interest in investee end of period	1.176	25	1.185	-6

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

EUR'000	Q3 2015	2014
Carrying amount of interests in immaterial joint ventures		
The Group's share of:		
Profit/loss for the year of continuing activities	211	221
Other comprehensive income	-	-
Total comprehensive income	211	221

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	**Q3 2015**	**Q3 2014**	**2014**
Cost at 1 January	3.551	3.558	3.558
Additions for the year	37	-	296
Disposal of year	-	-	-8
Cost at 30 September	**3.588**	**3.558**	**3.846**
Other investments at 30 September	**3.588**	**3.558**	**3.846**
The investments relates to:			
Investment related to Solar farms	2	2	2
Investments related to Wind farms	3.586	3.556	3.844
Dividend received from other investments	35	-	-

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.

EUR'000	Q3 2015	Q3 2014	2014
Loans to business partner for the acq of windparks in Germany	5.920	5.920	5.920
Loans to business partners for the acq of solar parks in Spain	2.490	2.490	2.461
Total interest bearing receivable	**8.410**	**8.410**	**8.381**
Trade receivables	25.022	29.775	70.285
Other receivables (non interest bearing)	3.028	6.631	3.465
Total non interest bearing receivable	**28.050**	**36.406**	**73.750**
Total receivables	**36.460**	**44.816**	**82.131**

Impairment losses relating to doubtful receivables

Unaudited

EUR '000	Q3 2015	Q3 2014	2014
Impairment at 1 January	-	-	-
Impairment for the year	-	-	-
Impairments end of period	-	-	-
Impairments relates to:			
Other receivable	-	-	-

EUR '000	Q3 2015	Q3 2014	2014
Exposure:			
Receivables	36.460	44.816	82.131
Receivables not due	35.835	44.586	81.522
Receivable past due, but not impaired:			
1-30 days	50	78	477
31-90 days	29	113	-
>90 days	546	39	132
Total Receivables	36.460	44.816	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	Q3 2015	Q3 2014	Q3 YTD 2015	Q3 YTD 2014	31.12.2014
Trade receivables	45.132	-507	45.263	1.235	-39.275
Other receivable	-159	-3.442	408	-3.687	-492
Inventories/project portfolio	-10.507	-3.550	-18.512	-3.000	-630
Prepayments	-82	-3	267	-26	-431
Trade payables	-35.295	1.177	-33.684	-472	29.928
Payables to related parties	10	90	10	157	-44
Other payables	103	254	-4	-875	-240
Total change in working capital	-798	-5.981	-6.252	-6.668	-11.184

The changes in Q3 in Trade Receivables and Trade Payables relates primarily to the financial close of the sale of the two Solar Parks in UK sold to an external investor in 2014. The financial close was concluded during July, with a net payment of more than MEUR 8 increasing our cash position.
The sale includes an earn-out which is due in 2017. This receivable is recognized in Trade Receivables under Non-current assets.

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	Q3 2015	Q3 2014	2014
Issued Bonds	51.963	51.962	51.750
Loans and credit facilities	52.938	42.160	46.371
Total	**104.901**	94.122	98.121
Financial liabilities are recognised as follows in the balance sheet:			
Non-current liabilities	102.570	91.011	86.698
Current liabilities	2.331	3.111	3.898
Total	**104.901**	**94.122**	**90.596**

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	**Q3 2015**	Q3 2014	2014
Interest income, on financial assets measured at amortised costs	232	12	467
Other financial income	80	-	557
Exchange gains	919	4	-
Financial income	**1.231**	**16**	**1.024**

Finance expenses

EUR'000	**Q3 2015**	**Q3 2014**	**2014**
Interest on bonds	940	900	3.236
Finance expenses from financial liabilities measured at amortised cost	516	588	2.520
Financial expenses which has been capitalized on inventories	-301	-101	-398
Amortisation of debt issue costs	87	100	232
Other financial expenses	5	11	171
Exchange losses	109	12	162
Financial expenses	**1.356**	**1.510**	**5.923**

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	**Q3 2015**	2014
0-1 year	190	187
1-5 years	750	745
After 5 years	-	-
Total buildings	**940**	**932**

Operating leases have been recognised in the income statement for 2015 at the amount of EUR 140 thousands, where contingent rents constitute of EUR 140 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	Q3 2015	2014
Sale of services to group companies	1.183	2.445
Sale of services to associates	498	1.800
Sale of services to controlling parties	-	-

Loans to related parties

EUR'000	Q3 2015	2014
Loans to group companies	46.507	35.983
Loans to associates	12.009	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 reliable 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	Q3 2015	Q3 2014	Q3 YTD 2015	Q3 YTD 2014	2014
Consolidated statement of profit or loss					
Current income tax:					
Current income tax charge	23	229	23	456	550
Adjustments previous years foreign tax (German subsidiaries regarding 2006 and 2007), see note below table.	50	-9	1.306	0	0
Deferred tax:	-	-			
Relating to origination and reversal of temporary differences	-154	130	458	-284	-82
Income tax expense recognised in the statement of profit or loss	-81	350	1.787	172	468
Consolidated statement of other comprehensive income					
Deferred tax related to items recognised in other comprehensive income during the year	-83	29	-29	87	-98
Deferred tax charged to other comprehensive income	-83	29	-29	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 1,3m.
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

Tax on other comprehensive income	Q3 2015	Q3 2014	Q3 YTD 2015	Q3 YTD 2014	2014
Fair value adjustments of hedging instruments	-83	29	-29	87	-98
Total	-83	29	-29	58	-98

Unaudited

Deferred tax

EUR'000	Q3 2015	Q3 2014	Q3 YTD 2015	Q3 YTD 2014	2014
Deferred tax can be specified as follows:					
Deferred tax start of period	-3.943	-4.526	-4.373	-4.128	-4.128
Deferred tax for the year recognised in the income statement	-154	136	458	-284	-82
Deferred tax for the year recognised in other comprehensive income	-83	29	-29	87	-98
Adjustments regarding prior years recognised in the income statement	-1	75	-189	-	-63
Adjustements related to the change of control acc IFRS 10	83	-	43	-	-
Adjustement relating to the disposal/purchase of equity accounted investment	-	-199	-4	-159	-2
Transferred to joint taxation contribution etc	-	-	-4	-1	-
Deferred tax End of Period	**-4.098**	**-4.485**	**-4.098**	**-4.485**	**-4.373**
Deferred tax is recognised as follows:					
Deferred tax asset	-6.018	-5.541	-6.018	-5.541	-5.507
Deferred tax liability	1.920	1.056	1.920	1.056	1.134
	-4.098	**-4.485**	**-4.098**	**-4.485**	**-4.373**

Deferred tax assets not recognised in the balance sheet

EUR'000	Q3 2015	Q3 2014	Q3 YTD 2015	Q3 YTD 2014	2014
Temporary differences	-	-	-	-	-
Tax assets not recognised	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Deferred tax assets is substantially attributable to tax losses carried forward

Deferred tax liabillities is substantially attributable to temporary differences on vind 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

	Q3 2015	Q3 2014	Q3 YTD 2015	Q3 YTD 2014	2014
Wages, salaries and remuneration	612	661	2.802	2.751	3.569
Contributions to defined contribution plans	10	7	29	18	28
Other social security costs	16	13	44	36	49
Other staff cost	64	38	192	124	185
Capitalized salaries on inventories	250	-90	-	-270	-360
Total	**952**	629	**3.067**	2.659	3.471
Average number of full time employees	53	46	52	46	46
Number of full times employees at end of period	51	46	51	46	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 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

Q3 2015

EUR '000	Currency instruments	Interest Rate Swaps	Total
Contractual value maturity 2026-06-15	-	5.859	5.859
Fair value	-	7.136	7.136
Of which the ineffectiveness is recognised in the income statement	-	-	-
Of which is recognised in the statement of other comprehensive income	-	177	177

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	Carrying amount Q3 2015	Fair value Q3 2015	Carrying amount 2014	Fair value 2014
Bank and other credit institutes	52.938	52.938	34.948	34.948
Issued bonds	51.963	44.688	51.750	51.750
Borrowings	**104.901**	**97.626**	**86.698**	**86.698**
Trade payables	8.626	8.626	42.310	42.310
Other financial liabilities	8.780	8.780	8.774	8.774
Total financial liabilities	122.307	115.032	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 September 2015, are the third 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 third IFRS report is for Q3 2015 and issued end of November

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 transiton 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 calcuated 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 Q3 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
ASSETS				
Non-current assets				
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
Total non-current assets	116.947	-4.767		112.180
Current assets				
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
Total current assets	30.904	6.890		37.794
TOTAL ASSETS	147.851	2.123		149.974

EUR'000	Danish GAAP 01.01.2014	Effect of transition to IFRS 01.01.2014		IFRS at 01.01.2014
EQUITY AND LIABILITIES				
Equity				
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
Total Equity	52.558	846		53.404
Non-controlling interests	1.636	-1.636	f)	0
Deferred tax liabilities	932	-932	g)	0
Liabilities				
Liabilities related to the issue of bonds	7.600	0		7.600
Project financing	38.101	2.579	b)	40.680
Other debt regardig 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
Total non-current liabilities	51.241	3.745		54.986
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
Total current liabilities	41.484	100		41.584
Total liabilities	92.725	3.845		96.570
TOTAL EQUITY AND LIABILITIES	147.851	2.123		149.974

Group reconciliation of total comprehensive income for Q3 2014 (unaudited)

EUR'000	Danish GAAP Q3	Effect of transition to IFRS Q3		IFRS Q3
Revenue	1.717	66	b)	1.783
Profit after tax from equity accounted investments	0	-205	c)h)	-205
Other income	0	0		0
Direct costs	285	-18	b)	267
Gross profit	2.002	-157		1.845
Staff costs	-719	90	i)	-629
Other external costs	-186	-5	b)	-191
Depreciation & impairment	-536	-35	b)	-571
Operating profit	-1.441	-107		454
	0			
Other external costs	0	0		
Profit from associates	-232	232	h)	0
Finance income	16	0		16
Finance expenses	-1.585	75	b)i)	-1.510
Profit before tax	-1.801	200		-1.040
	0			
Tax	-343	-7	b)c)	-350
Profit for the year	-1.583	193		-1.390
Attributable to:				
Equity holders of the parent	-1.484	201	b)c)i)	-1.283
Non-controlling interests	-99	-8		-107
Non-controlling interests	-1.583	193		-1.390
Other comprehensive income				
Profit for the year	-1.583	193		-1.390
Items that may be reclassified to profit or loss				
Other comprehensive income of equity accounted interest net of tax				-
Non-controlling part of other comprehensive income	0	34		34
Value adjustments of hedging instruments, net of tax	0	156		156
Exchange differences on translating foreign operations, net tax	0	-15		-15
Other comprehensive income for the year, net of tax	0	175		175
Total income	-1.583	368		-1.215

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

EUR'000	Danish GAAP 30.09.2014	Effect of transition to IFRS 30.09.2014		IFRS 30.09.2014
Revenue	9.342	288	b)	9.630
Profit after tax from equity accounted investments	0	-1	c)h)	-1
Other income	0	0		0
Direct costs	-2.742	-65	b)	-2.807
Gross profit	6.600	222		6.822
Staff costs	-2.929	270	i)	-2.659
Other external costs	-1.156	-11	b)	-1.167
Depreciation & impairment	-1.275	-105	b)	-1.380
Operating profit	1.240	376		1.616
Other external costs		0		
Profit from associates	-79	79	h)	0
Finance income	621	0		621
Finance expenses	-4.447	219	b)i)	-4.228
Profit before tax	-2.665	674		-1.991
Tax	-159	-13	b)c)	-172
Profit for the year	-2.824	661		-2.163
Attributable to:				
Equity holders of the parent	-2.724	650	b)c)i)	-2.074
Non-controlling interests	-100	11		-89
Non-controlling interests	-2.824	661		-2.163
Other comprehensive income				
Profit for the year	-2.824	661		-2.163
Items that may be reclassified to profit or loss				
Other comprehensive income of equity accounted interest net of tax				-
Non-controlling part of other comprehensive income		34		34
Value adjustments of hedging instruments, net of tax		156		156
Exchange differences on translating foreign operations, net tax		-15		-15
Other comprehensive income for the year, net of tax	0	175		175
Total income	-2.824	836		-1.988

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

EUR'000	Danish GAAP 30.09.2014	Effect of transition to IFRS 30.09.2014		IFRS at 30.09.2014
ASSETS				
Non-current assets				
Goodwill	203	0		203
Other intangible assets (project portfolio)	14.385	-14.385	a)	0
Property, Plant and equipment	51.413	2.775	b)	54.188
Equity accounted investments	15.141	269	b) c)k)	15.410
Other investments	4.744	-1.186	c)	3.558
Loans to related parties	15.252	722	d)	15.974
Trade receivable from related parties	0	0		0
Trade receivables	12.613	0		12.613
Other receivables	9.286	-723	d)	8.563
Deferred tax assets	0	5.541	e)	5.541
Total non-current assets	123.037	-6.987		116.050
Current assets				
Inventories	0	14.955	a)	14.955
Trade receivables	17.140	22	b)	17.162
Deferred tax asset	5.541	-5.541	e)	0
Other receivables	6.474	4	b)	6.478
Prepayments	220	15	b)	235
Cash and cash equivalents	13.778	162	b)	13.940
Total current assets	43.153	9.617		52.770
TOTAL ASSETS	166.190	2.630		168.820

EUR'000	Danish GAAP 30.09.2014	Effect of transition to IFRS 30.09.2014		IFRS at 30.09.2014
EQUITY AND LIABILITIES				
Equity				0
Share capital	1.340	0		1.340
Share premium		0		0
Reserves		0		0
Retained earnings	48.648	-341	c)k)	48.307
Equity attributable to owners of the Company	49.988	-341		49.647
Non-controlling interests	0	2.195	b) f)	2.195
Total Equity	49.988	1.854		51.842
Non-controlling interests	1.984	-1.984	f)	0
Deferred tax liabilities	817	-817	g)	0
Liabilities				
Liabilities related to the issue of bonds	51.962	0		51.962
Project financing	36.619	2.430	b)	39.049
Other debt regardig project portfolio	199	0		199
Other debt to credit institutions	0	0		0
Other debt relating to the acquisition of companies	3.860	0		3.860
Deferred tax liabilities	0	1.056	b)c)g)	1.056
Total non-current liabilities	92.640	3.486		96.126
Credit institutions	3.111	0		3.111
Other debt relating to the acquisition of companies	3.899	0		3.899
Trade payables	4.102	26	b)	4.128
Payables to related parties	258	0		258
Corporation Tax	1.374	0		1.374
Other payables	8.017	65	b)	8.082
Total current liabilities	20.761	91		20.852
Total liabilities	113.401	3.577		116.978
TOTAL EQUITY AND LIABILITIES	166.190	2.630		168.820

Consolidated statement of cash flows

For the period ended 30 September 2014 (unaudited)

EUR'000	Danish GAAP 30.09.2014	Effect of transition to IFRS 30.09.2014		IFRS at 30.09.2014
Cash flow from operating activities				
Profit/loss before tax	-2.665	673	b)c)i)	-1.992
Adjustments for:				
Financial income	-621	0		-621
Financial Expenses	4.447	-219	b)i)	4.228
Depreciations, write downs	1.363	105	b)	1.468
Profit from associates	79	-78	b)c)	1
Change in networking capital	-3.906	-3.186		-7.092
Other non-cash items [analyse if material]	0	1		1
	-1.303	-2.704		-4.007
Dividends received				0
Taxes paid	-928	0	b)	-928
Interest paid	-4.335	220	b) i)	-4.115
Interest received	577	0		577
Cash flow from operating activities	-5.989	-2.484		-8.473
Cash flow from investing activities				
Purchase of intangible assets and property, plants and equipment	-6.849	2.629	j)	-4.220
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	1.311	0		1.311
[Investment in equity accounted investments]	-1.340	0		-1.340
Dividends	44	0		44
Net cash flow from investing activities	-6.834	2.629		-4.205
Cash flow from financing activities				
Proceeds from issue of bonds	45.000	0		45.000
Transaction costs regarding bond issue	-1.027	0		-1.027
Proceeds from borrowings	3.523	0		3.523
Repayment of borrowings	-26.162	-149		-26.311
Changes in payables to associates	157	0		157
Non controlling interests share of capital increase in subsidiary	0	0		0
Other Transactions with owners	0	0		0
Cash flow from financing activities	21.491	-149		21.342
Change in cash and cash equivalents	8.668	-4		8.664
Cash and cash equivalents at 1 January	5.110	166	b)	5.276
Cash and cash equivalents end of period	13.778	162		13.940
Of which restricted cash and cash equivalents	0	0		0
Non-restricted cash and cash equivalents end of period	13.778	162		13.940

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
Operating profit	8.834	-147		9.097
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
Profit before tax	4.132	-344		4.198
Tax	-458	-10	b)c)	-468
Profit for the year	3.674	-354		3.730
Attributable to:				
Equity holders of the parent	3.536	32	b)c)i)k)	3.568
Non-controlling interests	138	24	b)	162
Non-controlling interests	3.674	56		3.730
Other comprehensive income				
Profit for the year	3.674	56		3.730
Items that may be reclassified to profit or loss				
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
Other comprehensive income for the year, net of tax	0	-218		-218
Total income	3.674	-162		3.512

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
ASSETS				
Non-current assets				
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
Total non-current assets	112.799	-4.598		108.201
Current assets				
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
Total current assets	86.283	7.318		93.601
TOTAL ASSETS	199.082	2.720		201.802

EUR'000	Danish GAAP 31.12.2014	Effect of transition to IFRS 31.12.2014		IFRS at 31.12 2014
EQUITY AND LIABILITIES				
Equity				
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
Total Equity	54.928	2.509		57.437
Non-controlling interests	2.322	-2.322	f)	0
Deferred tax liabilities	1.094	-1.094	g)	0
Liabilities				
Liabilities related to the issue of bonds	51.750	0		51.750
Project financing	32.567	2.381	b)	34.948
Other debt regardig 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
Total non-current liabilities	86.308	3.515		89.823
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
Total current liabilities	54.430	112		54.542
Total liabilities	140.738	3.627		144.365
TOTAL EQUITY AND LIABILITIES	199.082	2.720		201.802

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
Cash flow from operating activities				
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
Cash flow from operating activities	-5.670	-1.412		-7.082
Cash flow from investing activities				
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
Net cash flow from investing activities	-5.153	1.615		-3.538
Cash flow from financing activities				
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
Cash flow from financing activities	18.870	-198		18.672
Change in cash and cash equivalents	8.047	5		8.052
Cash and cash equivalents at 1 January	5.110	166	b)	5.276
Cash and cash equivalents at 31 December	13.157	171		13.328
				0
Of which restricted cash and cash equivalents				0
Non-restricted cash and cash equivalents at 31 December	13.157	171		13.328
Cash and cash equivalents				
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 1st 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		YTD	
EUR'000	**Q3 2014**	**Q3 2014**	**2014**
PL			
Revenue	66	288	410
Equity accounted investments	7	-12	-25
Direct costs	-18	-65	-87
Other external costs	-5	-11	-23
Depreciation & impairment	-35	-105	-140
Finance expenses	-26	-81	-101
Tax	3	-3	-10
Assets/Liabilities			
Property, Plant and equipment	2.775	2.775	2.740
Equity accounted investments	-211	-211	-224
Trade receivable from related parties	0		1
Trade receivables	22	22	65
Other receivables	4	4	0
Prepayments	0	0	4
Cash and cash equivalents	0	0	
Non-controlling interests	211	211	224
Project financing	2.430	2.430	2.381
Deferred tax liabilities	34	34	40
Trade payables	26	26	36
Other payables	65	65	76
Cash Flow			
Profit/loss before tax	-11	14	34
Financial Expenses	26	81	101
Depreciations, write downs	35	105	140
Other non-cash movements	-7	12	
Change in networking capital	0		6
Taxes paid	0	0	
Interest paid	-25	-80	-101
Interest received	0		
Cash flow from operating activities	18	132	180

Cash flow from investing activities			
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
Net cash flow from investing activiti	0	0	-4
Cash flow from financing activities			
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	-50	-149	-198
Changes in payables to associates	0	0	0
Non controlling interests share of capita	0	0	0
Other Transactions with owners	0	0	0
Cash flow from financing activities	-50	-149	-198
Change in cash and cash equivalen	-32	-17	-22
Cash and cash equivalents at Period st	200	166	166
Cash and cash eq.end of period	162	162	171
Of which restricted cash and cash equivalents			
Non-restricted cash and cash equiva	**162**	**162**	**171**

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 1st 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	**Q3 2014**	**1. jan 2014**
PL		
Profit after tax from equity accounted investments	90	
Tax	-10	
Assets/Liabilities		
Equity accounted investments	549	469
Other investments	-1.186	-1.186
Retained earnings	-842	-921
Deferred tax liabilities	205	204
Cash Flow		
Profit/loss before tax	90	
Profit from associates	-90	

d)

As a consequence of the reclassification made in c) 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 1st 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 September 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, 30 November 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