

European Energy A/S

Interim Financial Report

Fourth quarter 2015

Financial Review for Q4 2015

This quarterly report is the fourth 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	Q4 2015	Q4 2014	2015	2014
Key figures				
Revenue	40.530	50.936	58.799	60.566
Profit after tax from equity accounted investments	969	474	1.713	473
Other income	-35	0	269	0
Direct costs	-27.345	-42.124	-37.958	-44.931
Gross profit	14.119	9.286	22.823	16.108
EBITDA	10.666	7.699	14.972	10.695
Operating profit	10.287	7.481	13.460	9.097
Loss from financial income and expense	-1.421	-1.292	-2.904	-4.899
Profit/loss before tax	8.866	6.189	10.556	4.198
Tax	-2.514	-296	-4.301	-468
The Group's share of profit for the year	6.352	5.893	6.255	3.730

Total assets	234.522	201.802	234.522	201.802
Equity	63.810	57.437	63.810	57.437

Cash flows from operating activities	-3.174	1.391	-9.439	-7.082
Net cash flows from investing activities	-16.378	667	-21.228	-3.538
Cash flows from financing activities	15.572	-2.670	29.664	18.672
Total cash flows	-3.980	-612	-1.003	8.052

Financial ratios				
Gross margin	34,8%	18,2%	38,8%	26,6%
Operating margin	25,4%	14,7%	22,9%	15,0%
Equity ratio	27,2%	28,5%	27,2%	28,5%
Return on equity	10,5%	10,8%	10,3%	6,7%

Average number of full-time employees	52	46	53	46
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Financials for the Group in Q4 2015

Revenue in operating activities came in at EUR 40,5 m, EUR -10,4 m or -20% below last year Q4. The Year To Date, YTD, revenue for the Group is now EUR 58,8 m . The revenue recognized in Q4 has primarily been from the sale of Solarpark Vandel, which was 50/50 % owned with a co-investor, 2 Danish solar parks and 2 German wind parks. The activity level has been very high and we were happy to conclude all these sales within one quarter. This indeed shows the strength and capability of the company.

Q4 2015 Operating Profit came in at EUR 10,3 m, EUR 2,8 m above last year. The major reason for the high profit in Q4 comes from the sale of Vandel being more than double the size of the two solar power plants in UK which were sold in Q4 last year.

Profit before tax ended up at EUR 8,9 m, EUR 2,7 m above last year.

The Tax for the period amounted to EUR -2,5 m .

The Tax for the period includes an impairment of the Deferred Tax Asset of EUR 1 m.

This impairment relates to the brought forward tax loss in Denmark.

YTD the Profit for the Group amounted to EUR 6,3 m.

On the balance side the total Trade Receivables increased in the quarter from EUR 25 m to EUR 56 m.

This relates primarily to the sale of the 5 energy parks.

During the quarter we have finalized the construction of 3 UK solar power plants, which has gone into operation. The total addition to PPE has been EUR 17,5 m., PPE for the Group increased to EUR 63 m in total. We expect to divest these plants during 2016.

The Group has obtained new loans for construction purposes for a total of EUR 13,1 m. The project portfolio of developing projects, hereof several under construction, has increased with EUR 10,2 m in the quarter. This includes an overall impairment of EUR 4,2 m, so the gross increase was EUR 15 m.

The loans to related parties decreased with EUR -3 m.

The decrease in related parties loans also relates to the sale of energy parks.

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 results in both solar and wind has been satisfactory in Q4, and the overall 2015 result from JV's and associates has been very positive.

Annual Report:

The Annual Report for the group will be filed before the end of March.

European Energy Group

Management Review Q4 2015

Divestment of Power Generating Assets

The high activity level during Q2 and especially Q3 to line up long term investors for the projects under construction lead to several Signings of Share Purchase Agreements and two consequential Closings. The activities related to our two home markets with wind projects in Germany currently under construction and solar PV projects in Denmark that were partly operational since late 2014 and partly projects where construction has been completed during Q4.

In Germany we Closed the sale of a Vestas V90 2MW in Badingen to a private investor and Signed on 2 x Vestas V112 3,45 MW in Mönchsroth of which EE holds 50% and 5 x Nordex N117 2,4MW in Vetschau of which EE holds 70%. The latter is acquired by a larger German utility. Closing is anticipated for Q2 2016.

Our activities in the Danish market during 2015 has largely been dominated by a high activity level within solar PV. More or less in parallel with the construction completion of an additional 6 MW of solar PV on two sites near the city of Nakskov where EE acted as EPC, EE sold its stake in the 1,6 MW solar PV project in Nakskov constructed in December 2015. At the same time EE with its partner, Bregentved Estate, completed the Signing of 126 PV plants of each 400 kWn in total 50 MW solar PV plant on the former military airfield Vandel situated between the cities of Vejle and Billund. Investor being a fund managed by Allianz Global Investors. Closing is anticipated for end of Q1 2016. The plant has been constructed and grid connected by Christmas 2015.

As EE currently has additional construction activities within some larger wind projects in Denmark, an operational portfolio of solar PV projects in the UK and an additional single wind turbine in Germany, the sales activities will be maintained at a high level. The transaction team has for this purpose also been increased by two additional experienced colleagues. We expect the 1H 2016 to be another very busy period for EE on the transaction side.

Sale of Electrical Power

By the end of Q4 2015, our gross portfolio of power generating assets amounted to 391.5 MW of which 144.0 MW was owned by European Energy Group and the rest by investors and partners. Wind technology comprised 84% of our operational asset capacity, while the remaining 16% was in solar PV. The majority of our assets (70%) are located in Germany. The rest of our power generating assets are found in Denmark, Italy, Bulgaria, United Kingdom and Spain.

Technology/Country	Gross capacity [MW]	Net capacity [MW]	Gross production [GWh]	Net production [GWh]
Solar PV	27,7	23,1	3,4	2,2
Italy	1,0	0,5	0,2	0,1
Spain	11,7	7,6	3,2	2,1
United Kingdom	15,0	15,0	0,0	0,0
Wind	363,8	120,9	173,4	55,4
Bulgaria	14,4	6,2	7,4	3,5
Denmark	16,0	7,5	1,6	0,7
Germany	299,8	101,3	150,8	48,7
Italy	33,6	5,9	13,6	2,4
Grand Total	391,5	144,0	176,9	57,6

The total production in Q4 2015 from our power generating assets amounted to 57.6 GWh (up from 49.1 GWh in Q4 2014) corresponding to an increase of 8.5 GWh (17%) as compared to Q4 2014. The gross production amounted to 176.9 GWh.

Solar PV

The total realised solar PV electrical power production in Q4 2015 was 106% of the expected production. The solar PV electrical power production compared to budget per country was:

- Italy: 96%
- United Kingdom: N/A as the plants began production very late in 2015
- Spain: 107% (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 93% of the expected production. The wind electrical power production compared to budget per country was:

- Bulgaria: 101%
- Denmark: N/A as the plants began production very late in 2015
- Germany: 97%
- Italy: 85%

Power prices have generally been low in in the fourth 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 132 MW in Q4 2015. European Energy receives commercial management fees in exchange for our services.

Activities

In the fourth quarter we have successfully grid connected three sub 5 MW projects in the UK. We have grid connected 141 sub 400 kW PV projects in Denmark and we have grid connected two V164 turbines in Denmark. The V164 turbine is the World's largest turbine and we are very proud to be the first to gain operational experience with these state of the art turbines. This will give our company valuable knowledge and cutting edge experience prior to going nearshore with this technology.

All in all the 4th quarter in 2015 has secured a record construction year for European Energy. Furthermore we have initiated further projects to be constructed in 2016.

The United Kingdom – grid connection of 15 MW PV

In the fourth quarter of 2015 we have completed construction on three sites. Each of the projects consists of 5 MW. We have initiated a fourth site in Woodhouse (5 MW) 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. We expect to finalize a sale of the assets in the first half of 2016. 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 – Grid connection and sale of 84 MW PV

In project Måde we in the 4th quarter grid connect the world's two first and largest commercial MHI Vestas V164 8MW turbines. The project will during late 2016 be extended with two additional Vestas V117 3,45MW turbines whereby the project reaches its total capacity of 23 MW.

We have in the 4th quarter started construction of the project in Rødby Fjord (11x Vestas V117 3,45 MW) where we expect to grid connect in Q2 or Q3 2016.

All of the 141 x 400 kWn PV plants in Denmark where grid connected in the 4th quarter and we also signed SPA's for all the plants. Closing of the sales is expected to take place in Q1 2016 where we also expect to get the tariff confirmation from the Danish authorities.

Germany – sale of 21 MW in three windparks

The 4th quarter 2015 we closed the sale on project Badingen (1xVestas V90 2 MW) and we signed the SPA's for Mönchsrot (2x Vestas V112 3,45 MW) and Vetschau (5xN114 2,4 MW). We also concluded the purchase for the project rights of project Frehne (1x Senvion MM100). Mönchsrot, Vetschau and Frehne are all in construction and they are expected to go on grid in Q1 or Q2 2016.

Near-shore

During Q4 2015 we continued to increase the activity level within our Nearshore and Offshore projects. On the suppliers side we have continued the intense involvement in a procurement process for our 350 MW Nearshore program and continued the tender procedure to identify preferred suppliers for the purchase of goods in the range of +800 million €. The response has led the European Energy Nearshore Consortium (EENC) to maintain intensified discussions with various suppliers. On 20. October 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. Best and finale 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. The response by the DEA toward potential building permits has been delayed into 2016.

Nordic Power Partners (EC)

Nordic Power Partners reached several important milestones in 2015; In October, NPP signed a PPA regarding an 82 MW wind farm in Jordan, Al Rajef, and in November NPP started construction of the first private PPA-based solar PV farm on the Maldives, MWSC. Further NPP added several further projects to the pipeline, meaning that NPP is now active in four countries.

Value creation and costs in our business model

With the completion of each of the planning and development phases, the amount of our investment increases and at the same time so does the likelihood that the project in planning will be successfully completed. The amount of capital invested in the beginning phases is substantially lower than the amount of capital invested in the construction phases.

We aim to keep the costs as low as possible in the initial planning stages as there are substantial risks, which may prevent the project from being developed successfully. As our energy farms projects move through the development process the chances of success improve, which in turn enhances the value of the project. By the time the project has reached the planned stage all of the important preliminary investigations regarding feasibility and economic efficiency have been concluded which greatly improve the chances that the project will be successfully concluded.

The European Energy Group achieves the greater part of its value creation in the stages of project development through permitting and up to the point of being ready to construct.. In the case of an onshore project approximately 90 percent of the value is created during the stages up to the actual construction, whilst only about 10 percent is attributable to the actual construction.

Lower margins are obtained in the final phase of the development of an energy farm project and this part only contributes marginally to the value created by European Energy Group, even though this stage requires by far the highest level of investments.

Consolidated statement of comprehensive income

For the quarter ended 31 December 2015

Unaudited EUR'000	Q4 2015	Q4 2014	2015	2014
Revenue	40.530	50.936	58.799	60.566
Profit after tax from equity accounted investments	969	474	1.713	473
Other income	-35	-	269	-
Direct costs	-27.345	-42.124	-37.958	-44.931
Gross profit	14.119	9.286	22.823	16.108
Staff costs	-2.713	-812	-5.780	-3.471
Other external costs	-740	-775	-2.071	-1.942
EBITDA	10.666	7.699	14.972	10.695
Depreciation & impairment	-379	-218	-1.512	-1.598
Operating profit	10.287	7.481	13.460	9.097
Finance income	954	403	3.676	1.024
Finance expenses	-2.375	-1.695	-6.580	-5.923
Profit/loss before tax	8.866	6.189	10.556	4.198
Tax	-2.514	-296	-4.301	-468
Profit/loss for the period	6.352	5.893	6.255	3.730
Attributable to:				
Shareholders of the Company	6.435	5.642	6.438	3.568
Non-controlling interests	-83	251	-183	162
Profit/loss for the period	6.352	5.893	6.255	3.730
Statement of comprehensive income				
Profit/loss for the period	6.352	5.893	6.255	3.730
<i>Items that may be reclassified to profit or loss</i>				
Other comprehensive income of equity accounted investments net of tax	-47	-	-215	
Non-controlling part of other comprehensive income	23	(34)	23	-
Value adjustments of hedging instruments, net of tax	31	-419	295	-263
Exchange differences on translating foreign operations, net tax	-337	59	-111	44
Other comprehensive income for the period, net of tax	-330	-394	-8	-219
Comprehensive income for the period	6.022	5.499	6.247	3.511
Attributable to:				
Shareholders of the Company	6.456	5.244	6.407	3.323
Non-controlling interests	-434	255	-160	188
Comprehensive income for the period	6.022	5.499	6.247	3.511

Consolidated statement of financial position

As of 31 December 2015

Unaudited	2015	2014
EUR'000		
ASSETS		
Non-current assets		
Goodwill	182	199
Property, Plant and equipment	63.009	51.440
Equity accounted investments	18.942	16.099
Other investments	3.622	3.551
Loans to related parties	19.993	15.599
Trade receivables	9.047	6.689
Other receivables	6.657	9.117
Deferred tax	4.239	5.507
Total non-current assets	125.691	108.201
Current assets		
Inventories/project portfolio	41.325	12.585
Trade receivables	46.476	63.596
Other receivables	6.895	3.452
Prepayments	1.810	640
Cash and cash equivalents	12.325	13.328
Total current assets	108.831	93.601
TOTAL ASSETS	234.522	201.802

Unaudited	2015	2014
EUR'000		
EQUITY AND LIABILITIES		
Equity		
Share capital	1.340	1.340
Retained earnings	59.958	53.551
Equity attributable to owners of the Company	61.298	54.891
Non-controlling interests	2.512	2.546
Total Equity	63.810	57.437
Liabilities		
Liabilities related to the issue of bonds	52.040	51.750
Project financing	40.378	34.948
Other debt regardig project portfolio	3.242	-
Other debt to related parties regarding acquisition of companies	1.033	1.991
Deferred tax	1.735	1.134
Total non-current liabilities	98.428	89.823
Credit institutions	22.161	3.898
Other debt to related parties regarding acquisition of companies	4.720	5.534
Trade payables	29.705	34.785
Payables to related parties	408	57
Corporation Tax	1.866	1.551
Other payables	13.424	8.717
Total current liabilities	72.284	54.542
Total liabilities	170.712	144.365
TOTAL EQUITY AND LIABILITIES	234.522	201.802

Consolidated statement of cash flows

For the period ended 31 December 2015

Unaudited

EUR'000

	Q4 2015	Q4 2014	2015	2014
Cash flow from operating activities				
Profit/loss before tax	8.866	6.186	10.556	4.194
Adjustments for:				
Financial income	-954	-403	-3.676	-1.024
Financial Expenses	2.375	1.695	6.580	5.923
Depreciations	379	463	1.512	1.931
Other non-cash movements	63	-470	-215	-469
Change in networking capital	-12.396	-4.092	-18.648	-11.184
Other non-cash items	15	-1.290	-	-1.289
	-1.652	2.089	-3.891	-1.918
Dividends received				
Taxes paid	-71	122	-2.203	-806
Interest paid incl currency losses	-2.385	-1.267	-6.375	-5.382
Interest received incl currency gains	934	447	3.030	1.024
Cash flow from operating activities	-3.174	1.391	-9.439	-7.082
Cash flow from investing activities				
Purchase of intangible assets and property, plants and equipment	(18.094)	2.327	(18.225)	(1.893)
Proceeds from sale of intangible assets and property, plants and equipment	-	-	-	-
Proceeds from disposal of subsidiaries, equity accounted investments	(1.403)	963	1.304	963
Purchase of other investments	-	(919)	-	(919)
Proceeds from sale of other investments	-	(1.311)	-	-
Investment/loans in equity accounted investments	3.031	(349)	(4.395)	(1.689)
Dividends	88	-44	88	-
Net cash flow from investing activities	-16.378	667	-21.228	-3.538
Cash flow from financing activities				
Proceeds from issue of bonds	-	-	-	45.000
Transaction costs regarding bond issue	-	-44	-	-1.071
Proceeds from borrowings	13.158	-2.956	33.957	567
Repayment of borrowings	2.063	142	-4.644	-26.169
Changes in payables to associates	351	-201	351	-44
Non controlling interests share of capital increase in subsidiary	-	389	-	389
Cash flow from financing activities	15.572	-2.670	29.664	18.672
Change in cash and cash equivalents	-3.980	-612	-1.003	8.052
Cash and cash equivalents at beginning of period	16.305	13.940	13.328	5.276
Foreign exchange adjustments of cash and cash equivalents	-	-	-	-
Cash and cash equivalents end of period	12.325	13.328	12.325	13.328
Of which restricted cash and cash equivalents	-	-	-	-
Non-restricted cash and cash equivalents end of period	12.325	13.328	12.325	13.328

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 31 December 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	-	-	-	3.568	3.568	162	3.730
Total other comprehensive income	-	32	-419	142	-245	548	303
Total comprehensive income	-	32	-419	3.710	3.323	710	4.033
Equity at 31 December 2014	1.340	32	-1.081	54.600	54.891	2.546	57.437
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	-	-	-	6.438	6.438	-183	6.255
Total other comprehensive income	-	-111	295	-215	-31	23	-8
Total comprehensive income	-	-111	295	6.223	6.407	-160	6.247
Transactions with owners:							
Change of ownership interest with non- controlling interest	-	-	-	-	-	126	126
Total transactions with owners	-	-	-	-	-	126	126
Equity at 31 December 2015	1.340	2	-698	60.654	61.298	2.512	63.810

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.

Denmark – Grid connection and sale of 84 MW PV

In project Måde we in the 4th quarter grid connect the world's two first and largest commercial MHI Vestas V164 8MW turbines. The project will during late 2016 be extended with two additional Vestas V117 3,45MW turbines whereby the project reaches its total capacity of 23 MW.



Events after the balance sheet date

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

First-time adoption of IFRS

These financial statements, for the period ended 31 December 2015, are the fourth 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 adjustments made by the Group in restating its Danish GAAP statement of financial position at 1 January 2014 and its previously published Danish GAAP financial statements at and for the year ended 31 December 2014.

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 fourth IFRS report is for Q4 2015 and issued end of February 2016.

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

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

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

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

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

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

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

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. 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 Q4 2014 (unaudited)

EUR'000	Danish GAAP Q4	Effect of transition to IFRS Q4	IFRS Q4
Revenue	50.814	122 b)	50.936
Profit after tax from equity accounted investments	0	474 c)h)	474
Other income	0	0	0
Direct costs	-41.372	-752 b)	-42.124
Gross profit	9.442	-156	9.286
Staff costs	-902	90 i)	-812
Other external costs	-763	-12 b)	-775
Depreciation & impairment	-183	-35 b)	-218
Operating profit	7.594	-113	7.481
Other external costs	0	0	0
Profit from associates	573	-573 h)	0
Finance income	403	0	403
Finance expenses	-1.773	78 b)i)	-1.695
Profit before tax	6.797	-608	6.189
Tax	0	3 b)c)	-296
Profit for the year	6.498	-605	5.893
Attributable to:			
Equity holders of the parent	6.260	-618 b)c)i)	5.642
Non-controlling interests	238	13	251
Non-controlling interests	6.498	-605	5.893
Other comprehensive income			
Profit for the year	6.498	-605	5.893
<i>Items that may be reclassified to profit or loss</i>			
Other comprehensive income of equity accounted interest net of tax			-
Non-controlling part of other comprehensive income	0	0	-
Value adjustments of hedging instruments, net of tax	0	-263	-263
Exchange differences on translating foreign operations, net tax	0	44	44
Other comprehensive income for the year, net of tax	0	-219	-219
Total income	6.498	-824	5.674

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 31.12.2014	IFRS at 31.12.2014
Revenue	60.156	410 b)	60.566
Profit after tax from equity accounted investments	0	473 c)h)	473
Other income	0	0	0
Direct costs	-44.114	-817 b)	-44.931
Gross profit	16.042	66	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	263	9.097
Other external costs		0	
Profit from associates	494	-494 h)	0
Finance income	1.024	0	1.024
Finance expenses	-6.220	297 b)i)	-5.923
Profit before tax	4.132	66	4.198
Tax	-458	-10 b)c)	-468
Profit for the year	3.674	56	3.730
Attributable to:			
Equity holders of the parent	3.536	32 b)c)i)	3.568
Non-controlling interests	138	24	162
Non-controlling interests	3.674	56	3.730
Other comprehensive income			
Profit for the year	3.674	56	3.730
<i>Items that may be reclassified to profit or loss</i>			
Other comprehensive income of equity accounted interest net of tax		1	1
Non-controlling part of other comprehensive income		0	-
Value adjustments of hedging instruments, net of tax		-263	-263
Exchange differences on translating foreign operations, net tax		44	44
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 (project portfolio)	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	1 d)	15.599
Trade receivable from related parties	0	0	0
Trade receivables	6.689	0	6.689
Other receivables	9.117	0 d)	9.117
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 b)	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			0
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 regarding project portfolio	0	0	0
Other debt to credit institutions	0	0	0
Other debt relating to the acquisition of companies	1.991	0	1.991
Deferred tax liabilities	0	1.134 b)(c)(g)	1.134
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 period 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, write downs	1.791	140 b)	1.931
Profit from associates	-494	25 b)(c)	-469
Change in networking capital	-10.834	-350	-11.184
Other non-cash items	0	-1.289	-1.289
	-209	-1.709	-1.918
Dividends received			0
Taxes paid	-806	0 b)	-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 investment]	12.760	-11.797	963
Proceeds from sale of other investments	0	0	0

[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	45.000
Transaction costs regarding bond issue	0	-1.071	-1.071
Proceeds from borrowings	567	0	567
Repayment of borrowings	-25.971	-198	-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 end of period	13.157	171	13.328
Of which restricted cash and cash equivalents	0	0	0
Non-restricted cash and cash equivalents end of period	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 EUR'000	YTD		
	Q4 2014	Q4 2014	1. jan 2014
PL			
Revenue	122	410	
Equity accounted investments	-13	-25	
Direct costs	-22	-87	
Other external costs	-12	-23	
Depreciation & impairment	-35	-140	
Finance expenses	-20	-101	
Tax	-7	-10	
Assets/Liabilities			
Property, Plant and equipment	2.740	2.740	2.880
Equity accounted investments	-224	-224	-200
Trade receivable from related parties	0		
Trade receivables	65	65	53
Other receivables	0	0	6
Prepayments	0	0	4
Cash and cash equivalents	0	0	166
Non-controlling interests	224	224	200
Project financing	2.381	2.381	2.579
Deferred tax liabilities	40	40	30
Trade payables	36	36	32
Other payables	76	76	68
Cash Flow			
Profit/loss before tax	20	34	
Financial Expenses	20	101	
Depreciations, write downs	35	140	
Other non-cash movements	13	25	
Change in networking capital	0		
Taxes paid	0	0	
Interest paid	-21	-101	
Interest received	0		
Cash flow from operating activities	67	199	

Cash flow from investing activities		
Purchase of intangible assets and property, plants	0	0
Proceeds from sale of intangible assets and property, plants and equipment	0	0
Purchase of other investments	0	0
[Proceeds from disposal of subsidiaries, equity acc	0	0
Proceeds from sale of other investments	0	0
[Investment in equity accounted investments]	-2	-2
Dividends	0	0
Net cash flow from investing activities	-2	-2
Cash flow from financing activities		
Proceeds from issue of bonds	0	0
Transaction costs regarding bond issue	0	0
Proceeds from borrowings	0	0
Repayment of borrowings	-49	-198
Changes in payables to associates	0	0
Non controlling interests share of capital increase i	0	0
Other Transactions with owners	0	0
Cash flow from financing activities	-49	-198
Change in cash and cash equivalents	16	-1
Cash and cash equivalents at Period start	162	166
Cash and cash eq.end of period	171	171
Of which restricted cash and cash equivalents		
Non-restricted cash and cash equivalents end	171	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 Q1 – Q3.

The corrections are:

Wriezener Höhe		
EUR'000		
	<u>Q4 2014</u>	<u>1. jan 2014</u>
PL		
Profit after tax from equity accounted investments	0	
Tax	0	
Assets/Liabilities		
Equity accounted investments	0	469
Other investments	0	-1.186
Retained earnings	0	-921
Deferred tax liabilities	0	204
Cash Flow		
Profit/loss before tax	0	
Profit from associates	0	

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 - 31 December 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, 29 February 2016

Management Statement



Knud Erik Andersen
CEO


Jonny Jonasson
CFO

Board of Directors:


Jens-Peter Zink
Chairman


Knud Erik Andersen
CEO


Mikael Dystrup Pedersen
CTO