DANSKE COMMODITIES

Danske Commodities
Annual Report 2011

Passion for Energy

Welcome to DC

Danske Commodities at a glance

- Danske Commodities is a Danish company trading in power, gas and climate products in Europe
- Danske Commodities has operations in 27 European countries, and its ten business teams are all dedicated to delivering value-adding, flexible and innovative solution
- Danske Commodities is committed to generating strong earnings and earnings growth based on a combination of good trading relations, skilled employees and a good working environment
- In 2011, Danske Commodities generated revenue of EUR 818 million and profit before tax of EUR 22 million
- The company was founded in 2004 by Henrik Østenkjær Lind and is domiciled in Aarhus, Denmark. In 2009, Danske Commodities won the Danish "Gazelle of the year" award as the fastest-growing company in Denmark

Vision

DC wants to add value in all our actions. Our external environment is very dynamic and we want to be flexible and ready to change all the time. Our vision is thus as follows:

"To become the most Value-adding, Flexible and Innovative energy and service provider"

Mission

We, Danske Commodities, are a provider of Energy Trading and closely related products, concepts and services. Our people are our greatest asset. We focus on creating a company culture that inspires all of us to do what it takes. We live by our values using them as a powerful positive force providing guidance for our actions and behaviour.

Strategy

Danske Commodties launched a new three-year strategy, Passion for Energy, in 2010. Controlled growth and sound risk management have brought DC on track for growth in recent years. The scope of activities is expected to grow in the years to come.

In order to build the strongest possible foundation for future growth, we have defined three key areas of development: Building our Business, our People and our Systems.

BUILDING OUR BUSINESS:
Growth and development through market penetration, market development and product development.

BUILDING OUR PEOPLE:
Attract, Develop and Retain talented people.

BUILDING OUR SYSTEMS:
Access to live data anywhere and anytime. Less time searching - more time thinking.

Contents

Controlled growth continued in 2011

The year 2011 was an exceptionally good year for Danske Commodities. We demonstrated that our three-year strategy, Passion for Energy, has produced results and that our focus on Business, People and Systems has been pivotal. Our activities in these key areas in 2011 charted the course for a growing business, and our intensified focus on risk management has ensured controlled growth.

We expanded our business activities to cover 27 European countries against 19 previously, and exploited the opportunities of an extended value chain in our core competency area: trading in power, gas and climate products.

At EUR 818 million, Danske Commodities' revenue more than doubled in 2011, and profit before tax grew by more than 30% compared with last year to EUR 22 million. A strong cash inflow and a sound risk management were the key drivers of our performance, also in the light of our substantial investments to ensure the company's continued growth course.

Our strong performance was a result of commitment and teamwork, not least among our dedicated employees. We doubled the number of skilled colleagues in 2011, and in early 2012 we have welcomed an additional 29 colleagues. We also established a new business team, Renewables, in 2011.

We are confident that the continued, strong strategic focus of our Passion for Energy strategy will contribute to ensuring Danske Commodities' growth case in the years ahead.

We have had the privilege of being able to attract highly skilled employees, and through our in-house training academy, DC Academy, we ensure that all employees receive a comprehensive introduction to our business and our values, which contributes positively to the development of our business. We also offer training courses providing our employees with new knowledge and additional competencies.

In 2011, in terms of our third strategic focus, Systems, we implemented systems designed to support our business and growth. Overall, we created a better overview, thus reducing our operational risk.

The positive trend has continued at Danske Commodities during the early months of 2012. With the establishment of the Origination business area, we have gained a strong position in the market for LEC certifications. Furthermore, by acquiring the combined heating and power plant at Lundtofte, Denmark, we have exploited a unique opportunity to create synergies across the business. This was achieved through optimised utilisation of our 24/7 presence in the European energy markets.

Despite our positive performance, we acknowledge the relative instability prevailing in our industry. We cannot afford to rest on our laurels. We must focus firmly on risk management, and we must continue to have the

We expanded our business activities to cover 27 European countries against 19 previously, and exploited the opportunities of an extended value chain in our core competency area: trading in power, gas and climate products.

resolve and courage to develop our business and our employees. It is important for us that we continue to globalise our business.

In 2012, we expect to expand on many levels: the number of employees and teams, the markets in which we are present, the customers we collaborate with and the products/services we offer; all with the clear expectation of generating even better financial results.

We are confident that the continued, strong strategic focus of our Passion for Energy strategy will contribute to ensuring Danske Commodities' growth case in the years ahead.

Torben Nordal Clausen
CEO

FINANCIAL HIGHLIGHTS 2007-2011

Seen over a five-year period, the development of the Company is described by the following financial highlights:

EUR '000	2011	2010	2009	2008	2007
Key figures					
Profit/loss					
Revenue	817,978	397,726	286,937	325,031	130,053
Contribution margin	35,953	25,210	29,026	30,464	13,067
Profit/loss before financial income and expenses	22,965	15,707	21,776	26,483	10,964
Net financials	-871	1,251	8,437	-2,650	95
Profit/loss before tax	22,094	16,958	30,212	23,832	11,060
Net profit/loss for the year	16,478	11,270	24,776	17,093	8,271
Balance sheet					
Balance sheet total	103,389	86,358	61,910	45,336	20,937
Equity	48,709	39,624	38,493	23,079	11,057
Cash flows					
Cash flows from:					
- operating activities	16,929	25,312	8,939	4,859	7,439
- investing activities	-1,704	-296	-45	-5,654	-1,040
- including investment in property, plant and equipment	-259	-124	-25	-191	-40
- financing activities	-7,516	148	-16,167	275	54
Change in cash and cash equivalents for the year	7,709	25,164	-7,273	-519	6,453
Average number of employees	**72**	**36**	**25**	**14**	**11**
Ratios					
Gross margin	4.4%	6.3%	10.1%	9.4%	10.0%
Profit margin	2.8%	3.9%	7.6%	8.1%	8.4%
Return on assets	22.2%	18.2%	40.6%	79.9%	71.5%
Solvency ratio	47.1%	45.9%	62.2%	50.9%	52.8%
Return on equity	37.3%	28.9%	80.5%	100.1%	100.4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Highlights of the year

- Profit before tax for 2011 was EUR 22 million (2010: EUR 17 million)

- Major initiatives in 2011:
  - Significant increase in customer agreements signed
  - Geographical expansion: Danske Commodities is now present in 27 countries
  - Establishment of subsidiaries in several European countries
  - Doubling of headcount: at year end, the company had 107 employees
  - Solid strengthening of Front Office with new products and markets, resources and teams
  - Strengthening of systems and support functions to support the business

The above measures were initiated at a controlled rate and are consistent with our three-year strategy, Passion for Energy.

- In addition to achieving a significant EBIT improvement, from EUR 16 million in 2010 to EUR 23 million in 2011, Danske Commodities achieved a EUR 7 million improvement in cash and cash equivalents, bringing total cash and cash equivalents to EUR 49 million at 31 December 2011

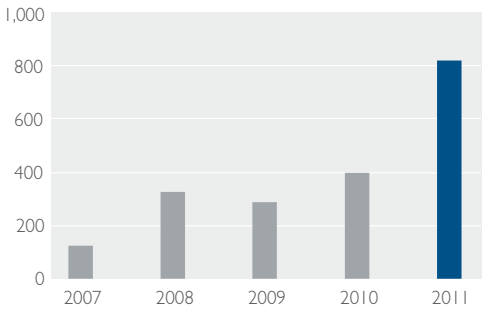
Financial performance EUR million	2011	2010	Increase in %
Revenue:	818	398	+106%
Operating activities:	23	16	+46%
Profit before tax:	22	17	+31%
Equity	49	40	+23%
Cash and cash equivalents	49	42	+16%
Solvency ratio	47%	46%	+2%
Return on equity	37%	29%	+28%
Average no. of employees	72	36	100%

- Equity stood at EUR 49 million at 31 December 2011, corresponding to an solvency ratio of 47%. Return on equity for 2011 was 37%, and Danske Commodities now has strong equity which has grown continuously over the years

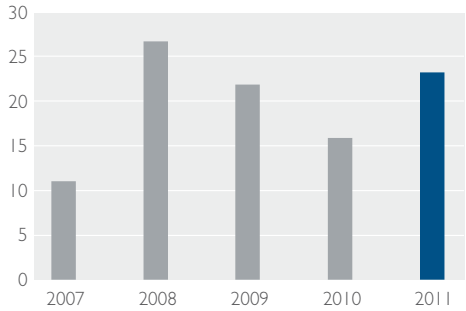
- Danske Commodities doubled its revenue in 2011 without increasing its capital tie-up. We had a net cash inflow from operations in 2011

The Leadership of Danske Commodities is very pleased with the strong financial results for the year and the significant expansion of the business platform achieved in 2011. Based on the activities and investments initiated, Danske Commodities expects to see continued earnings growth. We also have positive expectations for market conditions and market volatility

Revenue 2007-2011 (EUR million)



EBIT 2007-2011 (EUR million)



Passion for Energy - our strategy and driving force

Danske Commodities specialises in energy and trades in power, gas and climate products. Throughout the years, we have built a strong market position in this field, and through continuous development, efficiency enhancements and risk management we have strengthened our growth platform. Danske Commodities is halfway through its three-year strategy, Passion for Energy, which has ensured not only significant but also controlled growth.

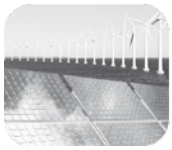
In 2010, we introduced our three-year growth strategy, Passion for Energy. As part of the strategy, we give high priority to developing our business based on an innovative corporate culture and a combination of highly skilled people and efficient systems. We are also focused on leadership development and risk management, which form the basis of our controlled growth. This strategy played a pivotal role in reaching the milestones and achieving the strong financial results for 2011.

Building our business

At the core of Danske Commodities' business foundation lies our strong expertise in power, gas and climate products, covering an active role as output production-balance manager, as an active player in the spot and forward markets as well as an active role as consumption production-balance manager. All of Danske Commodities' business areas are based on this specialised key focus, providing us with business opportunities for exploiting synergies across the value chain.

The European energy market is undergoing many changes in these current years. With the right frame of understanding, these changes will pave the way for new products and business approaches. For example, a change in German legislation on renewable energy sources became the starting point for DC Direktvermarktung and the Renewables business area. Furthermore, volatility in the energy market is expected to increase, becoming a major driving force for the future earnings potential of Danske Commodities. The ability to predict price levels is one of Danske Commodities' core competencies. Through close collaboration with Danske Commodities, producers and operators of wind turbines and solar power plants can benefit greatly from these competencies.

Danske Commodities' value chain



Assets

Asset Management

Trading

Distribution

End-suppliers

Prognoses Administration
Minimisation of imbalances
24-7 Electricity Trading
24-7 Trading in 27 countries
Network of more than 200 clients
Software Solution Administration

24/7 DC SERVICE

End-customers

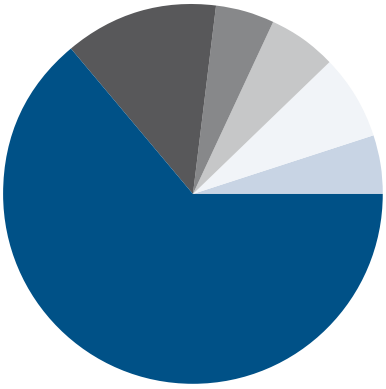
Education levels at Danske Commodities

The model is divided into groups of employees based on the length of their education.

5 years = Education programme of five years or more
0 years = These employees have completed an upper secondary education, but have not yet commenced a higher education programme

None of our employees have completed a one-year education programme.

0 year's education	4%
1 year's education	0%
2 years' education	5%
3 years' education	7%
4 years' education	6%
5 years' education	63%
Currently studying for a degree	15%



In 2011, we expanded our business to cover 27 countries, against 19 previously, adding Romania, Montenegro, Serbia, Bulgaria, Slovakia, the Czech Republic, Portugal and Spain to the portfolio of markets with active trading. At the same time, the customer base was extended to include additional European customers, our current ten business teams were expanded and the number of sales and risk support teams grew from four to ten.

Our expansion continues in 2012. Already in February 2012, we established a new business area for origination certification, Origination, and new products and services will ensure growth in existing business areas. In particular, we will develop new concepts and services designed for our European business partners as part of our continued efforts to make our business more global and more visible.

The acquisition of the combined heating and power plant in Lundtofte, Denmark, in April 2012 will also provide us with a unique opportunity to exploit our business potential together with our existing business. However, we wish to stress that Danske Commodities will continue to offer load-balancing services to other combined heating and power plants. Going forward, Danske Commodities will expand further by positioning ongoing activities further while at the same time expanding the business, offering new value-adding solutions and customer-oriented services to our business partners.

Building our people

Our employees are our most important asset. At Danske Commodities, we prioritise a flat organisational structure and fast decision-making processes which allow innovation to flourish. Danske Commodities' organisational structure is shown below:

Organisational structure of Danske Commodities

In 2011, our headcount doubled to 107 people of 11 different nationalities. This was only possible thanks to our efficient in-house induction and training programmes and dedicated efforts across the organisation. In 2011, Danske Commodities also launched a new in-house training academy, DC Academy, to ensure that our many new employees gain a strong understanding of our business and our values. Leadership development will also be high on the agenda for 2012 through our Team Leader Academy, where a number of team leaders will obtain a diploma.

The strengthening of our organisation will continue in 2012; our skilled staff has grown by 29 since 31 December 2011. Our overall aim is to make our entire organisation more customer-oriented in order to exploit our knowledge to the full and create new business.

Building our systems

Innovation – and hence continuous, dynamic business development – can only be achieved through smooth and flexible systems that support the business. The systems are not intended to define the business; the business is intended to define the systems.

Several systems were implemented in 2011. In 2012, we will also invest significant resources in systems designed to make the daily routines of our employees smoother and create competitive strength for our customers. These measures will be implemented through improved integration between the various systems.

Danske Commodities – a carbon neutral business

Danske Commodities has implemented a range of policies with the aim of improving the external as well as the internal working environment. The aim of Danske Commodities' climate initiatives towards 2020 is to reduce both our direct and indirect carbon emissions by 15% per employee relative to 2010. Moreover, Danske Commodities is working actively to reduce greenhouse gas emissions by recycling all paper, buying only environmentally-friendly products and using energy-efficient computers and monitors.

Danske Commodities buys FSC-certified products, which guarantees the protection of animals and plants in the production process as well as training, safety equipment and decent wage conditions for the people working in production. Going forward, Danske Commodities will only buy and use products that contribute to reduced energy consumption in all business activities for the benefit of society at large through the generally reduced environmental impact.

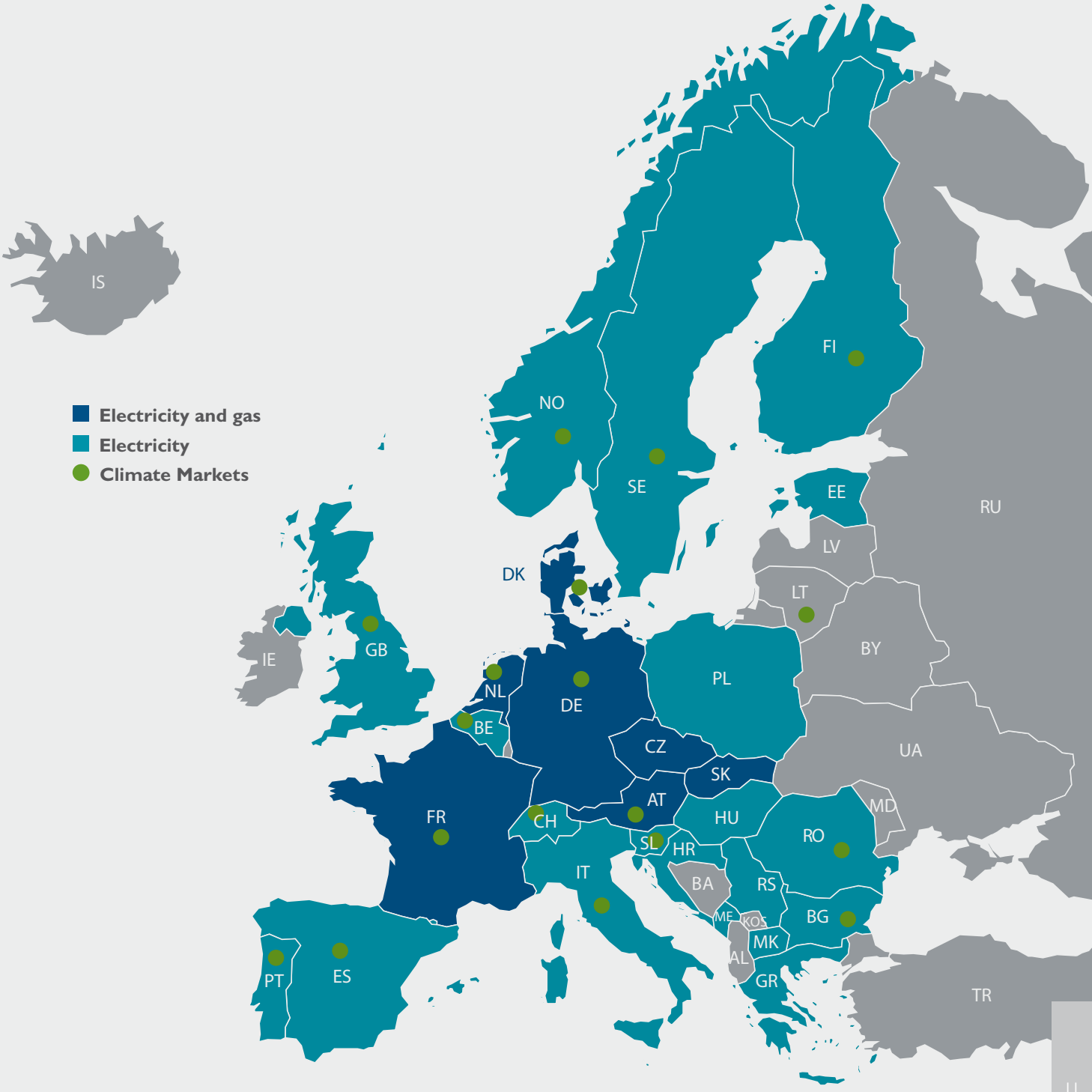
Danske Commodities' climate plan for 2012 includes ongoing specification, reporting and further development of already existing measures related to consumption, transport and sourcing. We also intend to introduce new initiatives to further reduce our carbon emissions.

In 2012, our climate strategy will involve buying CO_2 allowances to cover the volume of greenhouse gases emitted from Danske Commodities' activities in 2011 as well as regular reporting on our new climate initiatives. Combined with the climate efforts related to the external environment, Danske Commodities will also focus on its internal working environment and continuously implement initiatives to improve the working environment for our employees. At Danske Commodities, we intend to further build on our expertise in developing new solutions and initiatives that can reduce our carbon emissions further and adapt to the growing issue of climate change.

Finally, Danske Commodities will be focused on trading in more environmentally-friendly products, such as wind and solar energy, which we introduced in 2011, including with DC Direktvermarktung, and on actively offering the general public a wider choice with respect to renewable energy.

International growth

In 2011, we expanded the number of geographical markets to cover 27 countries, against 19 previously, adding Romania, Montenegro, Serbia, Bulgaria, Slovakia, the Czech Republic, Portugal and Spain to the portfolio of markets with active trading.



Focus on innovation and value creation

Being correctly positioned in relation to the market and our customers is crucial for being able to deliver innovative and flexible products. In 2011, Danske Commodities succeeded in consolidating our extensive international expertise and exploiting the synergies across our ten business teams. The overall focus for all our business teams is to create value for our customers and for Danske Commodities.

Power Trading
Each of our six Power Trading teams focused on specialisation and on enhancing their analytical skills in 2011.

Power Trading – Central Western Europe (CWE)
The special expertise of Central Western Europe is cross-border power trading in central and western Europe, and this is one of Danske Commodities' core services. Since 2004, the team has exploited many of the changes having taken place in the European markets in recent years. In 2011, focus was particularly on expanding activities relating to the forward curve to medium and long-term trading on power exchanges and to bilateral OTC trading partners on the 17 markets where Central Western Europe is active. Focus was also on specialisation and upgrading of the team's analytical skills.

The ambition for 2012 is to strengthen our market position by continuing the analytical work and expanding our activities to include new products and services, with well-functioning support teams contributing to value creation.

Power Trading – Emerging Markets
Established in early 2011, Emerging Markets has experienced traders from Central and Eastern Europe, some of whom work locally while the rest of the team manage trading activities from the company headquarters in Aarhus. The team has specialised in cross-border power trading on exchanges in Central and Eastern Europe and with bilateral customers.

In 2011, Emerging Markets anchored in the region and gained access to seven new countries and consequently to various new bilateral trading partners. The team seeks to optimise Danske Commodities' portfolio in Central, Eastern and Southern Europe.

The overall focus for all our business teams is to create value for our customers and for Danske Commodities.

The overall target for 2012 is to become the most flexible, value-adding and reliable energy and service provider in this region.

Power Trading – Intraday
Intraday trades in power immediately before delivery in the market. The team was established in 2007.

Intraday upgraded its team in 2011 so that it now consists of both traders and analysts; a combination which has turned out to be very efficient. Several new markets and customers were added to the network with the result that the team now has activities in most European countries.

In 2012, Intraday will focus on strengthening and further developing the current business model and on extending its activities to include new geographic markets, products, services and customers. The teams' skills, innovative culture and in-depth knowledge of the market will help us achieve these goals. Our ambition is to become the most flexible and innovative Intraday Power Trading team in Europe.

Power Trading – Nordic
Nordic is the name of the former Financial Trading team, which was set up in December 2008. The team's primary focus is on trading in CFDs (contracts for difference between basic prices and system prices) and on the system price on the Nordic power exchange (Nord Pool). The team trades across the entire curve, from daily contracts to annual contracts. The team takes part in monthly and annual auctions relating to the cable between DKI (Western part of Denmark) and Germany and VPP (Virtual Power Production) auctions in DKI. Further, Nordic has an active role on the financial stock exchange in Germany. It also works closely with Wholesale, who price products for Danish customers requiring financial funding.

In 2011, Nordic strengthened its position in existing Nordic markets. At the same time, it focused on developing new products and services and capturing new customers, resulting in revenue growth and new trading opportunities.

The 2012 target will be to attract new Danish and Swedish customers in established markets, exploit existing skills in new markets and increase collaboration with Wholesale on the development of new financial products for Denmark and Sweden.

Power Trading – Wholesale
Wholesale was established in 2009. The team offers services and professional advice in power trading in the Nordic market, such as the handling of load balance responsibility for power suppliers, price hedging of end-customer sales, portfolio management and product development.

Wholesale is responsible for the balance of some of Denmark's largest power suppliers, preparation of consumption forecasts and the purchase and sale of power on Nord Pool Spot. The team offers tailored power trading products which are developed and adapted in close collaboration with our customers. In a new portfolio management concept, power portfolios are optimised on the basis of an agreed, fixed framework. In 2011, Wholesale showed excellent performance, documenting the team's expertise within power trading.

Wholesale aims to expand its business in 2012 by focusing on international agreements under which its concepts and products will be implemented with foreign business partners.

Power Trading – Renewables
Renewables was established as an independent business team at Danske Commodities at the end of 2011, as new opportunities emerged in the German market for wind and solar energy production.

A legislative amendment relating to support for renewable energy sources (EEG) enabled Danske Commodities to take over the production directly from the renewable energy source and trade the power directly on the European stock exchanges, thus adding value to investors in renewable energy. Thus, in 2011 Renewables concluded a number of agreements on direct marketing of renewable energy in the German market, effective 1 January 2012.

The team expects the activity level to rise in 2012, as collaboration with existing and new customers is developed in the Danish, German as well as in the Swedish market.

Gas Trading

A team established in 2009, focusing on gas transport, storage and wholesale trading. Gas Trading is a area with a large growth potential.

In 2011, Gas Trading experienced successful trading across borders. Our presence in several interconnected markets has constituted an essential factor in value creation. The team offers gas trading 24/7, thus enabling its customers to create additional value to their businesses by adjusting their gas portfolio day and night. Gas Trading has also focused on extending its product portfolio, including developing new products and tailored concepts, which are implemented on a regular basis.

The team embarked on gas trading in France in 2011 and is also active in Denmark, the Netherlands, the Czech Republic, Austria and Germany, both in the High and Low Calorific markets.

The target for 2012 is to continue to expand Gas Trading's presence in Southern and Eastern European wholesale markets.

Climate Markets

At year-end 2011, Climate Markets set up its own independent business team which collaborates closely with the other Danske Commodities teams. Focus is on trade in green certificates, allowances and credits. The team's activities are based on existing flow capacity and the development of new markets and opportunities in the global climate market.

During the year, Climate Markets focused on increasing the sale of climate-related products to the existing customer portfolio in the European market. New employees with analytical skills were added to the team with a view to developing potential new products and services; an innovative initiative to ensure that Climate Markets can respond to the new opportunities and challenges of the future constantly emerging in the highly volatile climate markets.

In 2012, Climate Markets will continue to focus on offering climate products to existing customers and building customer portfolio. Concurrently, trading skills within existing climate products and business areas will be developed.

Origination

A completely new business team was established in February 2012 focusing on certification of Danish power producers and the subsequent sale of green power and certificates to the European markets.

Applying for approval of the power producers with either the British or the Danish authorities is an important task requiring a strong network and deep technical insight. Following the approval procedure, the team helps to ensure that the certificates are sold in the UK.

The team's strength is its unique expertise and experience, constituting a cornerstone in the creation of a steadily growing portfolio of European power producers in 2012. The purpose is to secure a steady supply of green power and certificates which are primed for the future and which can be sold to the European network; a strong portfolio of renewable energy creating long-term customer value.

Generation

Generation was established in 2012. The team handles output production balance management for decentralised power producers, sells their production in the market and optimises earnings. This process can be exercised in the spot market, the physical adjustment market, the frequency control markets and through Flex Gen.

Due to its many years of experience, Generation has great expertise and consequently solid knowledge of optimisation of combined heating systems, both in terms of day-to-day production, but also investment planning, budget management, risk management, coverage of basic amounts and price hedging of production.

The target for 2012 is to strengthen the team's position in the market, thus increasing its market share and strengthening its collaboration with existing customers.

Origination's strength is its unique expertise and experience, constituting a cornerstone in the creation of a steadily growing portfolio of European power producers in 2012.

Financial performance in 2011

Our continued growth and the many activities we initiated were managed and implemented satisfactorily, which was reflected in our positive financial performance and our improved cash position in 2011. The Leadership of Danske Commodities is very pleased with the company's financial performance in 2011.

Financial performance EUR million	2011	2010	Increase in %
Revenue	818	398	+106%
Operating activities:	23	16	+46%
Profit before tax:	22	17	+31%
Equity	49	40	+23%
Cash and cash equivalents	49	42	+16%
Solvency ratio	47%	46%	+2%
Return on equity	37%	29%	+28%
Average no. of employees	72	36	100%

Revenue

Danske Commodities' revenue more than doubled from EUR 398 million in 2010 to EUR 818 million in 2011. The underlying performance was positive throughout 2011, and all teams generated positive financial results before tax.

Costs

Cost of sales amounted to EUR 782 million for 2011, equal to a gross margin of 4.4%. Gross margin for 2010 was 6.3%. Margins narrowed due to our new business areas and our now even more diverse business platform.

Employee growth

At 31 December 2011, the number of employees at Danske Commodities had doubled to 107 people relative to 2010. Total staff costs rose by 80% from EUR 5,4 million in 2010 to EUR 9,7 million in 2011.

Profit

Danske Commodities' operating profit (EBIT) grew by 46% to EUR 23 million for 2011 against EUR 15,7 million in 2010. Profit before tax for 2011 was EUR 22 million, up 31% on EUR 17 million in 2010.

Financial income and expenses amounted to a net expense of EUR 1,6 million for 2011, relative to a net income of EUR 0,9 million in 2010. The change was due to higher capital gains on the company's securities portfolio in 2010.

Balance sheet and equity

At 31 December 2011, total assets amounted to EUR 103 million, an increase of EUR 17 million, or 19%, on 31 December 2010. The change was primarily attributable to an increase in current assets as a result of the higher level of activity.

At 31 December 2011, equity stood at EUR 49 million, corresponding to a solvency ratio of 47% against 46% in 2010. At the end of 2011, Danske Commodities had a strong capital structure and strong cash reserves. Return on equity in 2011 was 37% against 29% in 2010.

The continued expansion of our product portfolio along with the establishment of new markets has considerable strategic significance for the company. This has also contributed to ensuring the company a substantially increased net profit in 2011 relative to 2010.

Cash flows

A solid increase in cash flows, a strong expansion, a doubling in revenue, and investment in many new products and markets produced a highly satisfactory performance for Danske Commodities. Moreover, Danske Commodities has invested in significantly growing its headcount and further developing its internal systems, ensuring a strong position for continued growth in 2012.

Cash flows from operating activities for the year were a net inflow of EUR 17 million, primarily attributable to the profit for the year after tax, the change in working capital being almost neutral in 2011.

Investments were EUR 1,7 million against EUR 0,3 million in 2010. The increase was mainly due to a stronger focus on developing and consolidating the business. Dividend paid in respect of 2010 was EUR 7,5 million.

The total increase in cash flows during 2011 was EUR 7,7 million, bringing cash and cash equivalents to EUR 49 million at 31 December 2011 against EUR 42 million in 2010.

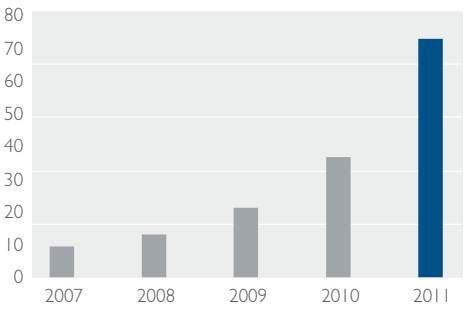
International operations

Danske Commodities established five subsidiaries outside Denmark in 2011. Previously, the company would set up branches abroad, but in 2011 it mainly set up new companies. This is necessary in order to ensure an optimal trading platform in many Eastern European countries. These initiatives are introduced mainly to ensure that Danske Commodities will be in a strong position for its contemplated expansion.

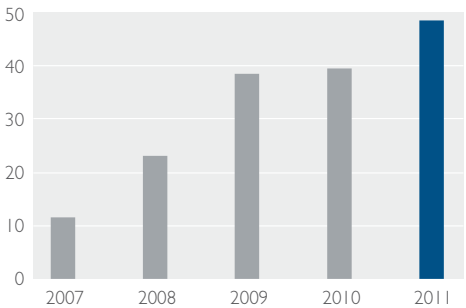
Events reported after the end of the financial year

No events have occurred since the balance sheet date which could materially affect the company's financial position.

Average no. of employees 2007-2011



Equity 2007-2011 (EUR million)



Risk management sustaining value creation

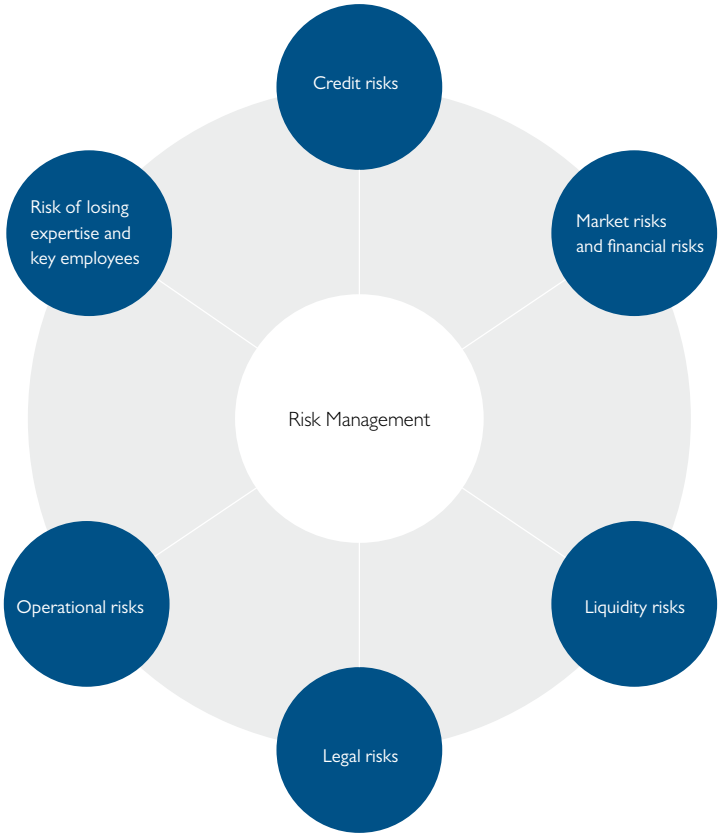
It is a key objective of Danske Commodities to ensure adequate monitoring of the company's risk exposure at any time and that Danske Commodities has policies and procedures in place to ensure efficient management and identification of risks. A balanced risk profile underpins the company's strategic objectives and contributes to value creation for all parties.

In 2011, Danske Commodities strengthened its risk management concurrently with the company's rapid growth. To ensure an adequate segregation of responsabilities between the individual teams and to enforce the company's risk policies, operational management and enforcement lies with the Middle Office. This also applies to reporting according to applicable instructions and risk guidelines.

At Danske Commodities, risk management is based on six general risk categories which can all have a considerable impact on the company's assets, financial position and earnings.

RISK HANDLING:

- Handling and monitoring of financial and non-financial risks, including credit and market risks and monitoring of the risk framework of the individual business areas.
- Securing and developing up-to-date risk management systems.
- Preparing risk management procedures for all business areas, implementing control procedures and providing system support for the procedures in force.



Credit risks
Credit risks cover the potential loss where a counterparty or a customer cannot or will not meet its obligations.

Danske Commodities' Leadership holds the overall responsibility for the company's credit policy. Clear restrictions and policies have been defined for the company's approach to credit risk, providing for consistent handling of credit risks and requiring efficient measures in the entire organisation. The credit policies clearly state the exposure framework to steer by.

The creditworthiness of all Danske Commodities' potential customers is assessed before an agreement is concluded, and credit risk is administered through the definition of limits and the timely adjustment of these in the event of changes to a customer's creditworthiness. If required, collateral in the form of cash or bank guarantees is requested. All Danske Commodities' customers have credit scores and generally have a high credit rating.

In 2011, Danske Commodities did not record any credit-related losses.

Market risks and financial risks
Energy price changes, interest rate and exchange rate fluctuations constitute key market risks and financial risks within Danske Commodities' business areas.

Market risks imply that the value of open positions may change as a result of price changes in the market. Risks pertaining to energy price changes can occur due to rapidly changing market levels or changed market and product coherence. The volatility and development of commodity prices considerably affect the company's earnings and therefore require monitoring 24/7.

Exchange rate and interest rate risks are factors which could have an adverse impact on Danske Commodities' income statement and balance sheet due to changes in exchange rates or interest rate levels.

The insurance of firm guidelines and instructions by Leadership insures that the limited currency and interest rate risks are covered on an ongoing basis. The company's risk policy does not allow for major open positions.

Liquidity risks
Liquidity risks comprise cash reserves that are not sufficient to cover payment and guarantee obligations.

Thanks to the strong capital structure of Danske Commodities, the liquidity risk is considered to be low. A strong cash flow from operational activities, considerable cash resources, undrawn credit facilities and ongoing daily liquidity risk reporting secure constant cash flow and sufficient liquidity.

Careful liquidity planning in the form of stress tests and other measures also contribute to securing the company's liquidity.

Legal risks
Legal risks are defined as the risk of loss of value due to non-compliance with relevant laws and regulations, third party contractual claims or legislative amendments.

Danske Commodities has an in-house legal function supporting the different business areas in respect of compliance with local legislation in the markets in which the company operates, thus reducing legal risks. Fixed procedures for signing contracts have been defined, while IT systems for electronic support of legal processes are being developed.

Danske Commodities has also established a close collaboration with two of the largest law firms in Denmark: Plesner and Kromann Reumert.

Operational risks
Operational risks pertain to risks of loss as a result of inappropriate or inadequate internal procedures and human or system errors.

In recent years, Danske Commodities has invested considerable resources in the development of IT systems and internal working procedures, minimizing the risk of direct or indirect loss as a result of inadequate or faulty internal processes.

Through the analysis of previous incidents and continuous data monitoring, documented working procedures and routines are regularly improved with a view to minimising the number of errors and loss-aggravating incidents.

Danske Commodities has strong focus on segregating responsabilities between executing and controlling employees, thus further reducing the risk of errors.

Risk of losing expertise and key employees
The risk of losing expertise or key employees is related to areas specifically vulnerable to risk, if selected employees were to leave Danske Commodities.

The company employs a large number of specialists holding very specific skills profiles. Based on the philosophy that all employees are needed, but everyone is replaceable, attempts are made to create a good framework for knowledge sharing at all levels of the organisation. Danske Commodities also has a structured approach to skills development and resource planning as well as to leadership and leadership development. Apart from performance-related compensation and employee benefits, the company has established regular trainee programmes, interdisciplinary career paths and attractive skills development and continuing professional development programmes, also underpinning the company's successful retention policy.

In 2011, we welcomed 60 new employees, and only two left the company.

It is a key objective of Danske Commodities to ensure adequate monitoring of the company's risk exposure at any time and that Danske Commodities has policies and procedures in place to ensure efficient Leadership and identification of risks.

Income Statement
1 January - 31 December

EUR '000	Note	2011	2010
Revenue	1	817,978	397,726
Cost of sales		-782,025	-372,516
Contribution margin		**35,953**	**25,210**
Other external expenses		-3,165	-4,012
Staff expenses	2	-9,710	-5,429
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment		-113	-62
Profit/loss before financial income and expenses		**22,965**	**15,707**
Income from investments in subsidiaries		5	0
Financial income	3	726	2,199
Financial expenses	4	-1,602	-948
Profit/loss before tax		**22,094**	**16,958**
Tax on profit/loss for the year	5	-5,616	-5,688
Net profit/loss for the year		**16,478**	**11,270**
Proposed distribution of profit			
Proposed dividend for the year		12,079	7,512
Reserve for net revaluation under the equity method		5	0
Retained earnings		4,394	3,758
		16,478	**11,270**

Balance Sheet at 31 December - Assets

EUR '000	Note	2011	2010
Software		1,389	127
Intangible assets	6	**1,389**	**127**
Leasehold improvements		60	63
Other fixtures and fittings, tools and equipment		311	164
Property, plant and equipment	**7**	**371**	**227**
Investments in subsidiaries	8	190	1
Other investments	9	13	13
Other receivables	9	146	144
Fixed asset investments		**349**	**158**
Fixed assets		**2,109**	**512**
Inventories		**2,389**	**245**
Trade receivables		40,234	41,904
Receivables from group enterprises		1,351	0
Other receivables	10	7,773	1,494
Prepayments		390	70
Receivables		**49,748**	**43,468**
Current asset investments		**9,678**	**7,563**
Cash at bank and in hand		**39,465**	**34,569**
Current assets		**101,280**	**85,847**
Assets		**103,389**	**86,358**

Balance Sheet at 31 December - Liabilities and equity

EUR '000	Note	2011	2010
Share capital		448	448
Reserve for net revaluation under the equity method		5	0
Retained earnings		36,177	31,664
Proposed dividend for the year		12,079	7,512
Equity	11	**48,709**	**39,624**
Provision for deferred tax		307	7
Provisions		**307**	**7**
Trade payables		44,126	34,175
Payables to group enterprises		73	0
Corporation tax		1,920	1,211
Other payables	12	8,254	11,340
Short-term debt		**54,373**	**46,727**
Debt		**54,373**	**46,727**
Liabilities and equity		**103,389**	**86,358**

Security and other financial obligations	13
Fee to auditors appointed at the general meeting	14
Related parties	15
Ownership	16

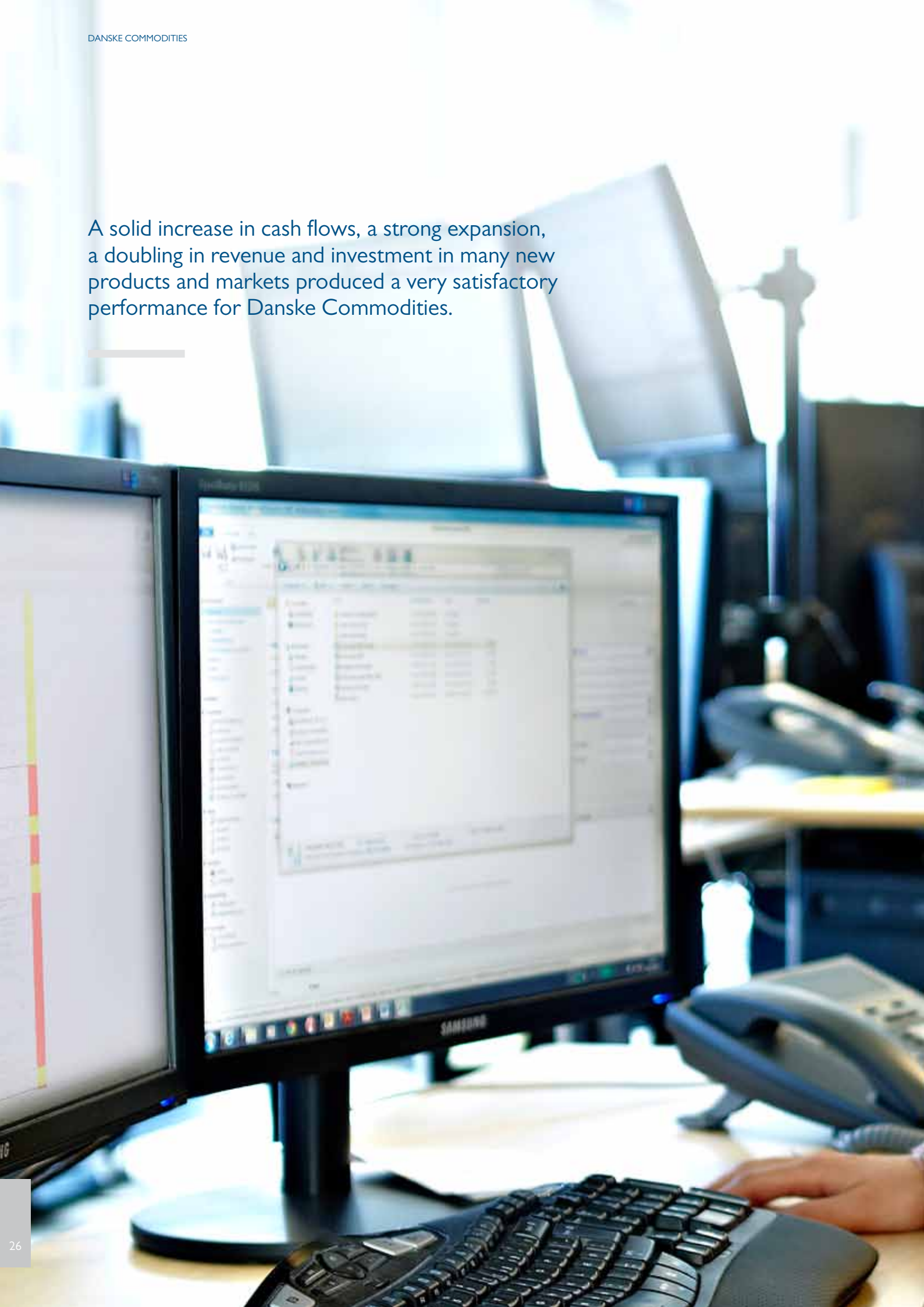
Statement of Changes in Equity

EUR '000	Share capital	Reserve under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2011	448	0	31,664	7,512	39,624
Dividend paid	0	0	0	-7,512	-7,512
Exchange adjustment	0	0	119		119
Net profit/loss for the year	0	5	4,394	12,079	16,478
Equity at 31 December 2011	**448**	**5**	**36,177**	**12,079**	**48,709**
Equity at 1 January 2010	448	0	27,966	10,079	38,493
Dividend paid	0	0	0	-10,079	-10,079
Exchange adjustment	0		-60	0	-60
Net profit/loss for the year	0	0	3,758	7,512	11,270
Equity at 31 December 2010	**448**	**0**	**31,664**	**7,512**	**39,624**

Cash Flow Statement

EUR '000	Note	2011	2010
Net profit/loss for the year		16,478	11,270
Adjustments	17	6,600	4,499
Change in working capital	18	-1,362	14,847
Cash flows from operating activities before financial income and expenses		**21,716**	**30,616**
Financial income		726	174
Financial expenses		-906	-948
Cash flows from ordinary activities		**21,536**	**29,842**
Corporation tax paid		-4,607	-4,530
Cash flows from operating activities		**16,929**	**25,312**
Purchase of intangible assets		-1,294	-131
Purchase of property, plant and equipment		-259	-124
Fixed asset investments made		-184	-166
Sale of property, plant and equipment		33	125
Cash flows from investing activities		**-1,704**	**-296**
Change in receivables from group enterprises		0	10,209
Dividend paid		-7,516	-10,061
Cash flows from financing activities		**-7,516**	**148**
Change in cash and cash equivalents		**7,709**	**25,164**
Cash and cash equivalents at 1 January		42,132	14,943
Exchange adjustment of current asset investments		-698	2,025
Cash and cash equivalents at 31 December		**49,143**	**42,132**
Cash and cash equivalents are specified as follows:			
Current asset investments		9,678	7,563
Cash at bank and in hand		39,465	34,569
Cash and cash equivalents at 31 December		**49,143**	**42,132**
Parts of the Company's cash at bank and in hand have been provided as security for the Company's commitments.	13	13,309	21,187

A solid increase in cash flows, a strong expansion, a doubling in revenue and investment in many new products and markets produced a very satisfactory performance for Danske Commodities.



Notes to the Annual Report

EUR '000	2011	2010
1 Revenue		
Electricity trade	644,357	309,057
Gas and other mineral trade	173,621	88,669
	817,978	**397,726**
2 Staff expenses		
Wages and salaries	9,239	4,976
Pensions	77	262
Other staff expenses	394	190
	9,710	**5,429**
Including remuneration to the Executive Board and Board of Directors of	**663**	
Average number of employees	**72**	**36**

Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company has chosen for year 2010 not to disclose remuneration to the Executive Board and the Board of Directors as remuneration to individuals may be extracted from this information.

3 Financial income		
Interest income, group enterprises	0	247
Other financial income	726	1,952
	726	**2,199**
4 Financial expenses		
Interest expenses, group enterprises	0	20
Other financial expenses	1,602	928
	1,602	**948**

EUR '000	2011	2010
5 Tax on profit/loss for the year		
Current tax for the year	5,316	3,847
Deferred tax for the year	300	413
Adjustment of deferred tax in previous years	0	1,428
Total tax for the year	**5,616**	**5,688**
specified as follows:		
Tax on profit/loss for the year	5,616	5,688
	5,616	**5,688**
Effective tax rate	**25,4%**	**25,1%**

The above effective tax rate for 2010 has been calculated without any effect of adjustment of deferred tax in previous years. If the effective tax rate is calculated based on the total tax expense, the effective tax rate is 33.5%.

EUR '000	Software
6 Intangible assets	
Cost at 1 January	131
Additions for the year	1,294
Cost at 31 December	1,425
Amortisation and impairment losses at 1 January	4
Amortisation for the year	32
Amortisation and impairment losses at 31 December	36
Carrying amount at 31 December	**1,389**

EUR '000	Other fixtures and fittings, tools and equipment	Leasehold improvements
7 Property, plant and equipment		
Cost at 1 January	264	65
Additions for the year	245	14
Disposals for the year	-25	0
Cost at 31 December	484	79
Depreciation and impairment losses at 1 January	100	1
Depreciation for the year	85	18
Reversal of depreciation and impairment losses on assets sold	-12	0
Depreciation and impairment losses at 31 December	173	19
Carrying amount at 31 December	**311**	**60**

EUR '000	2011	2010
8 Investments in subsidiaries		
Cost at 1 January	1	0
Additions for the year	184	1
Disposals for the year	0	0
Cost at 31 December	185	1
Value adjustments at 1 January	0	0
Exchange adjustment	2	0
Net profit/loss for the year after tax	3	0
Value adjustments at 31 December	5	0
Carrying amount at 31 December	**190**	**1**

Investments in subsidiaries are specified as follows:

Name	Reg. office	Share capital	Votes and ownership
DC Generation A/S	Denmark	DKK 500k	100%
Danske Commodities d.o.o., Croatia	Croatia	EUR 57k	100%
Danske Commodities Deutschland GmbH	Germany	EUR 25k	100%
Danske Commodities Macedonia DOOEL	Macedonia	EUR 35k	100%
Danske Commodities Bucharest S.R.L.	Romania	EUR 0	100%
Danske Commodities Serbia d.o.o.	Serbia	EUR 1k	100%

All foreign subsidiaries are recognised and measured as independent entities.

EUR '000	Other investments	Other receivables
9 Other fixed asset investments		
Cost at 1 January	13	144
Additions for the year	0	7
Disposals for the year	0	-5
Cost at 31 December	13	146
Carrying amount at 31 December	**13**	**146**

10 Other receivables		
Fair value of financial transactions, asset	7,721	5,310
Fair value of financial transactions, liability	-3,802	-4,763
Fair value of financial transactions, net	3,919	547
Deposits	3,727	590
Other receivables	127	357
	7,773	**1,494**

11 Share capital

The share capital consists of 3,336,140 shares of a nominal amount of EUR 0.13.
No shares carry any special rights.

Movements in share capital in the last five years are specified as follows:

EUR '000	2011	2010	2009	2008	2007
Share capital beginning	448	448	448	437	432
Capital increase	0	0	0	11	5
Capital reduction	0	0	0	0	0
Share capital end	**448**	**448**	**448**	**448**	**437**

The incentive scheme to the Executive Board comprises the possibility of subscribing for new shares up to 10% of the present share capital for a fixed period at a fixed price.

EUR '000	2011	2010
12 Other payables		
Deposits received	4,639	4,024
Staff obligations	2,932	2,621
Public debt	683	4,695
	8,254	**11,340**

EUR '000	2011	2010
13 Security and other financial obligations		
Guarantees		
As security for trade with customers and suppliers, the Company's bank has provided guarantees which at the balance sheet date amounted to	60,871	42,327
Security		
Safety-deposit as security for account with the Company's bank.		
Carrying amount of the assets pledged at the balance sheet date amounted to	9,678	7,563
Cash and cash equivalents as security for account with the Company's bank. Carrying amount of the assets pledged at the balance sheet date amounted to	3,631	13,624
For the subsidiary Danske Commodities Bucharest SRL, the Company has issued surety for all accounts with the Company's bank. At the balance sheet date surety amounts to	500	
Other financial obligations		
The Company has entered into an agreement on lease with a period of non-terminability of up to 43 months.		
The annual lease payment at the balance sheet date amounted to	509	347
At the balance sheet date the Company has no other financial obligations.		

14 Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers		
Audit	19	19
Tax advisory services	24	0
Other services	143	55
	186	**74**

15 Related parties

Related parties comprise Board of Directors, Executive Board and senior employees in the Company as well as companies in which the above persons have significant interests.

16 Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Lind Invest ApS, Stadion Allé 36, 8000 Aarhus C
Høgh & Rousing Investment ApS, Grønnegade 77B, 8000 Aarhus C
Danske Share ApS, Stadion Allé 36, 8000 Aarhus C

The ultimate Parent Company is Lind Invest ApS which prepares Consolidated Financial Statements.

EUR '000	2011	2010
17 Cash flow statement - adjustments		
Financial income	-726	-2,199
Financial expenses	1,602	948
Amortisation, depreciation and impairment losses incl. losses and gains on sale	113	62
Income from investments in subsidiaries	-5	0
Tax on profit/loss for the year	5,616	5,688
	6,600	**4,499**
18 Cash flow statement - change in working capital		
Change in inventories	-2,144	-93
Change in receivables	-6,280	-11,719
Change in suppliers etc	7,062	26,659
	-1,362	**14,847**

Accounting Policies

Basis of Preparation

The Annual Report of Danske Commodities A/S for 2011 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from previous years.

The Annual Report for 2011 has been prepared in EUR ´000.

The statutory Danish Annual Report has been prepared in DKK '000. In connection with currency translation of income statement items average annual exchange rates have been applied, and in connection with currency translation of balance sheet items the exchange rates at year end have been applied.

In case of any discrepancies between the Annual Report prepared in DKK and in EUR, the version prepared in DKK shall prevail.

Recognition and measurement

The financial statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straightline basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Incentive schemes

The value of share option plans offered to the Executive Board is not recognised in the income statement. The most significant conditions of the plans are disclosed in the notes.

Revenue

Revenue from the sale of goods for resale is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales includes purchase of goods for resale and transportation of these incurred to achieve revenue for the year.

Other external expenses

Other external expenses comprise other operating expenses, including expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment as well as gains and losses from sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, price adjust-ment of securities as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the

profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with certain wholly owned Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes. The jointly taxed enterprises have adopted the on-account taxation scheme.

Balance Sheet

Intangible assets

Software

Intangible assets are measured at cost less any accumulated amortisation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Amortisation based on cost reduced by any residual value is calculated on a straightline basis over the expected useful lives of the assets, which are:

Software	5 years

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straightline basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	4 years

Assets costing less than DKK 30k are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to ”Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale equals landed cost.

Receivables
Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments
Prepayments comprise prepaid expenses concerning subsequent financial years.

Current asset investments
Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Dividend
Dividend distribution proposed by Leadership for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities
Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carryforwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by setoff against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities
Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of setoff and an intention to settle on a net basis or simultaneously.

Financial debts
Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement
The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities
Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and noncash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less shortterm debt excluding items included in cash and cash equivalents.

Cash flows from investing activities
Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities
Cash flows from financing activities comprise cash flows from the raising and repayment of longterm debt as well as payments to and from shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise "Cash at bank and in hand" and "Current asset investments". "Current asset investments" consist of shortterm securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records.

Explanation of financial ratios

$$\text{Gross margin} = \frac{\text{Contribution margin} \times 100}{\text{Revenue}}$$

$$\text{Profit margin} = \frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

$$\text{Return on assets} = \frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

Company Information

THE COMPANY
Danske Commodities A/S
Værkmestergade 3
DK - 8000 Aarhus C

CVR No: 28 11 39 51

Founded:	23. september 2004
Financial period:	1 January – 31 December
Financial year:	7th financial year
Reg. office:	Aarhus

BOARD OF DIRECTORS
Henrik Østenkjær Lind, Chairman
Kasper Herrestrup
Jan Heyn Stubberup

EXECUTIVE BOARD
Torben Nordal Clausen, CEO
Kim Bendixen, CFO

AUDITORS
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Vesterballevej 27
DK - 7000 Fredericia

Leadership Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Danske Commodities A/S for the financial year 1 January – 31 December 2011.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2011 of the Company and of the results of the Company operations and cash flows for 2011.

In our opinion, the Leadership Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company. Furthermore, the Leadership Review includes a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 29 March 2012

EXECUTIVE BOARD

Torben Nordal Clausen
CEO

Kim Bendixen
CFO

BOARD OF DIRECTORS

Henrik Østenkjær Lind
Chairman

Kasper Herrestrup

Jan Heyn Stubberup

Independent Auditor's Report

To the Shareholders of Danske Commodities A/S

Report on the Financial Statements

We have audited the Danish version of the Financial Statements of Danske Commodities A/S for the financial year 1 January – 31 December 2011, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Leadership Responsibility for the Financial Statements

Leadership is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Leadership determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Leadership, as well as evaluating the overall presentation of the Financial Statements.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the Danish version of the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2011 and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2011 in accordance with the Danish Financial Statements Act.

Statement on Leadership Review

We have read the Leadership Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in the Leadership Review is consistent with the Financial Statements.

Aarhus, 29 March 2012

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Henrik Kragh
State Authorised Public Accountant

Steffen Kjær Rasmussen
State Authorised Public Accountant

In 2012, we expect to expand on many levels: the number of employees and teams, the markets in which we are present, the customers we collaborate with and the products/services we offer; all with the clear expectation of generating even better financial results.

Design:
Ineo Designlab®

Print:
We Produce

Photographer:
Lene Samsø

Danske Commodities
– generate more value

Vaerkmestergade 3
DK - 8000 Aarhus C
Tel: +45 8833 8181
Fax: +45 8612 2430
CVR: 28113951

www.danskecommodities.com