

DANSKE COMMODITIES

# Sustainable growth – energy without borders

Annual Report 2012

Our corporate values define us as a business – and as individuals. Our values define the framework for how we run our business. They are our guidelines in everything we do; from strategic business decisions to day-to-day operations. By living our values, we create a unique, diversified and dynamic corporate culture.

**VALUE CREATION**

We create value for our customers

**PEOPLE**

We are intelligent and professional, working with dedication and passion

**INNOVATION**

We think beyond

**SIMPLICITY**

We keep it simple

**COMMUNICATION**

We communicate openly, immediately and directly

**RESPONSIBILITY**

We have the freedom and the obligation to take actions and initiatives

**FLAT ORGANISATION**

We are visible and available

**SOLUTION ORIENTED**

We create customised solutions

**GOAL ORIENTED**

We set targets and reach them

**FLEXIBILITY**

We are dynamic, flexible and ready to change – all the time

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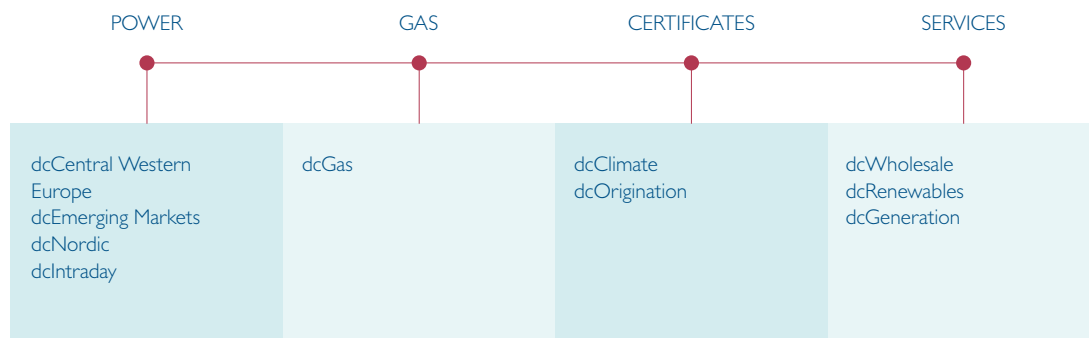
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## DANSKE COMMODITIES IN BRIEF

Danske Commodities is an international energy trading company operating in over 30 European countries. The company's four business areas - power, gas, certificates and services – cover electricity, gas and climate certificate trading. In addition, the company offers a range of customer-related services such as asset management and production balance management and consumption balance management. Danske Commodities was established in 2004 and is headquartered in Aarhus, Denmark.

## BUSINESS FOUNDATION



## VALUE CHAIN



## 2012 IN FIGURES

REVENUE  
EUR MIO

1.253

+53 %

EBT  
EUR MIO

39

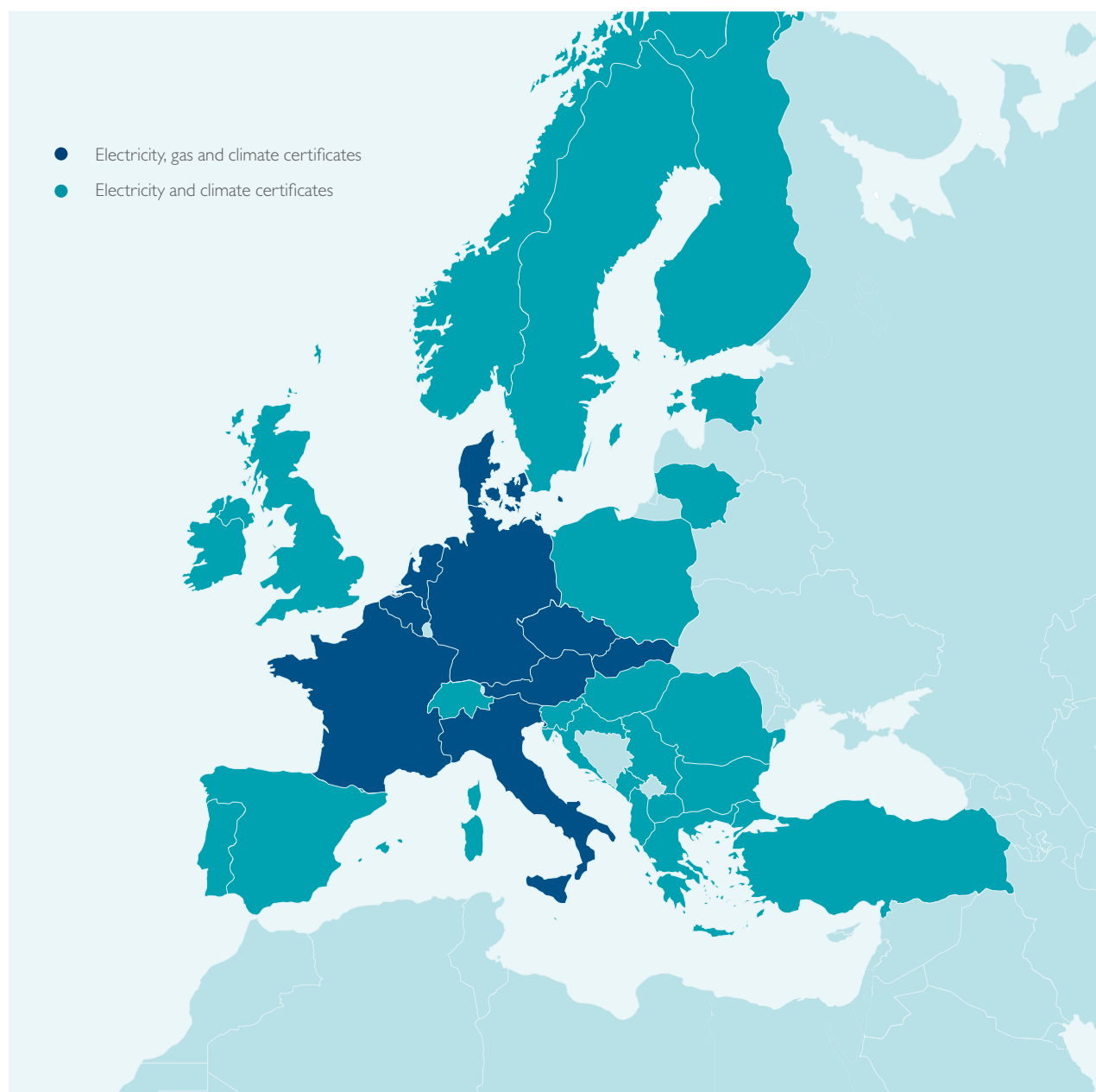
+75 %

EQUITY  
EUR MIO

65

+35 %

## TRADING ACROSS EUROPE



CASH & CASH EQUIVALENTS  
EUR MIO

**76**  
+53 %

CASH FLOW FROM OPERATING  
ACTIVITIES EUR MIO

**44**  
+155 %

NUMBER OF  
EMPLOYEES

**231**  
+116 %

# Solid growth in an international perspective

In last year's annual report, I wrote about the exceptionally good year Danske Commodities had in 2011 and how the roll-out of our Passion for Energy strategy led to controlled growth and impressive results.

The fact that I have a similar message this year is testimony to Danske Commodities' ability to take advantage of opportunities in a changing market using a strict risk management approach.

Our 2012 financial results were the best in the company's history. We grew our revenue by 53% and our EUR 39 million EBT saw a 75% improvement over last year. This is a performance we can truly be proud of: our solid results are highlighted even more by our positive cash flow and our ability to finance growth in-house.

This growth is also a reflection of the improvements we made in our four core focus areas. We are experts in value-adding power trading in 31 countries. We help set the agenda for gas trading through our international trading network of more than 80 partners. We help our customers obtain accreditation and provide support services ranging from origination, certification to trading in carbon quotas. We leverage on our knowledge across these three fields, providing innovative customised service and using our in-depth knowledge of regional markets to gain access to entirely new customers.

Along with constantly optimising our business areas, we also make the necessary investments and undertake new initiatives that will help our company build a growth platform for the future. For example, we invested more than EUR 7 million in IT alone in 2012. Internationalisation is a central growth driver and in 2012 we stepped into four new markets and set up several new subsidiaries. That will put us in an even better position to achieve the potential arising from the growing liberalisation of markets, especially in Central and Eastern Europe.

I am very proud to report that we doubled our employee headcount in 2012 and that we have welcomed another 34

new colleagues already in 2013. Danske Commodities is a people-driven business, and more than anything else our good performance in 2012 was due to the knowledge and innovation power that our highly competent and hard-working people possess. More than 500 million Excel lines of data about Europe's energy markets enter our systems every day. Our people turn those data into knowledge and business; they are the ones who apply our sharply-defined values and who will be driving the evolution of our company in the years ahead.

Danske Commodities has also built a stronger platform for growth in several other areas. During the past year, we have professionalised our Board of Directors, welcoming new members. We have added further strength to our systems and reduced our operational risk, and we have already met our 2020 target to reduce our carbon emissions by 15% - an important milestone in our strive for enduring corporate responsibility.

In the years to come, we will continue reaping the harvest – while also sowing new seeds. We plan to invest a great deal, not least in IT and in our people. We will continue to internationalise our business and to expand our focus on specialist services. We must keep a sharp eye on and adapt to any regulatory changes, and we will work to capitalise on volatility, the transition to green energy and liberalisation that are such dominant forces in the markets right now. The market needs flexibility, knowledge and know-how – and Danske Commodities delivers just that.

I am confident that, backed by our strong platform, we will succeed in meeting these goals and that in the years ahead I will still be reporting about solid growth and satisfactory performance at Danske Commodities.

**Torben Nordal Clausen**  
CEO



– Along with constantly optimising our business areas, we also make the necessary investments and undertake new initiatives that will help our company build a growth platform for the future.

**Torben Nordal Clausen**  
CEO, Danske Commodities



# Financial Highlights and key ratios

| EUR '000  | 2012      | 2011    | 2010    | 2009    | 2008    |
|---|-----------|---------|---------|---------|---------|
| <b>Key figures</b>                                      |           |         |         |         |         |
| Revenue   | 1.252.690 | 817.978 | 397.726 | 286.937 | 325.031 |
| Gross profit  | 62.220    | 35.953  | 25.210  | 29.026  | 30.464  |
| Profit/loss before financial income and expenses (EBIT) | 36.560    | 22.980  | 15.707  | 21.776  | 26.483  |
| Net financials  | 2.163     | -886    | 1.251   | 8.437   | -2.650  |
| Profit/loss before tax (EBT)                            | 38.723    | 22.094  | 16.958  | 30.212  | 23.832  |
| Net profit/loss for the year                            | 29.246    | 16.478  | 11.270  | 24.776  | 17.093  |
| <b>Balance sheet</b>                                    |           |         |         |         |         |
| Balance sheet total                                     | 167.059   | 103.431 | 86.358  | 61.910  | 45.336  |
| Equity  | 65.415    | 48.709  | 39.624  | 38.493  | 23.079  |
| <b>Cash flows</b>                                       |           |         |         |         |         |
| Cash flows from:  |           |         |         |         |         |
| - operating activities                                  | 44.399    | 17.590  | 25.312  | 8.939   | 4.859   |
| - investing activities                                  | -10.534   | -1.522  | -296    | -45     | -5.654  |
| - including investment in property, plant and equipment | -6.611    | -259    | -124    | -25     | -191    |
| - financing activities                                  | -9.412    | -7.516  | 148     | -16.167 | 20.496  |
| Change in cash and cash equivalents for the year        | 24.453    | 8.552   | 25.164  | -7.273  | 19.701  |
| Cash and cash equivalents                               | 76.374    | 49.986  | 42.099  | 19.029  | 17.867  |
| <b>Ratios</b>   |           |         |         |         |         |
| Gross margin  | 5,0%      | 4,4%    | 6,3%    | 10,1%   | 9,4%    |
| Profit margin   | 2,9%      | 2,8%    | 3,9%    | 7,6%    | 8,1%    |
| Return on assets  | 21,9%     | 22,2%   | 18,2%   | 40,6%   | 79,9%   |
| Solvency ratio  | 39,2%     | 47,1%   | 45,9%   | 62,2%   | 50,9%   |
| Return on equity  | 51,3%     | 37,3%   | 28,9%   | 80,5%   | 100,1%  |
| Average number of employees                             | 149       | 72      | 36      | 25      | 14      |
| Number of employees end of year                         | 231       | 107     | 54      | 32      | 21      |

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

Our revenue for 2012 amounted to EUR 1,253 million - a 53% improvement compared to 2011. The positive performance was driven by further internationalisation of our company and a generally increased level of business activity.

Our EBIT of EUR 37 million was a 59% improvement on 2011. Our EBIT margin improved from 2.8% to 2.9%.

Earnings before tax were up by 75% amounting to EUR 39 million. Net financials were a net income of EUR 2 million for 2012, compared with a net expense of EUR 1 million in 2011.

Cash flows including value adjustments were positive at EUR 24 million, bringing total cash and cash equivalents to EUR 76 million at 31 December 2012, including net financial items from capital gains on the company's securities portfolio amounted to EUR 2 million.

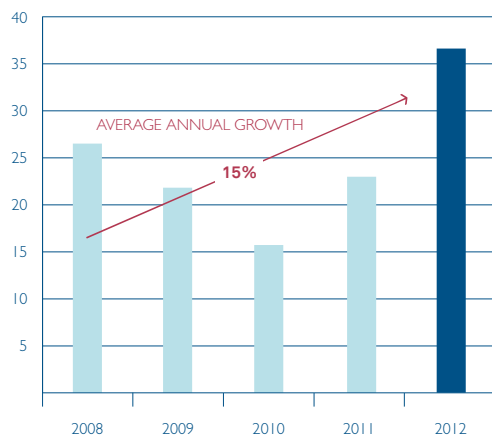
Equity amounted to EUR 65 million at 31 December 2012 for a 39% equity ratio. The return on equity was 51% in 2012.

We expect the positive earnings performance to continue in 2013.

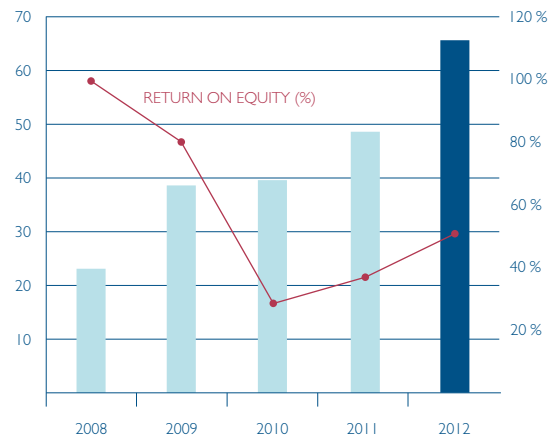
## MAJOR EVENTS IN 2012

- Surge in new customer contracts in all four business areas – Power, Gas, Certificates and Services.
- Geographical presence expanded from 27 to 31 countries.
- Subsidiaries established in several European countries.
- Three new teams established – dcOrigination, dcRenewables and dcGeneration (DTU CHP plant).
- Employee headcount doubled to 231 at year end.

**EBIT**  
MIO EURO



**EQUITY**  
MIO EURO



# A clear growth strategy makes for a clear direction

The Passion for Energy growth strategy has been the key to the past two years of controlled growth for Danske Commodities, and is also the foundation for our company's future growth.

Danske Commodities operates in a dynamic industry, and our goal is to always be flexible and ready for change.

Our company's vision is to be the most flexible and innovative energy and service provider, and our flat organisation and innovative corporate culture support this objective.

Danske Commodities has four general business areas: Power, Gas, Certificates and Services. Our ten teams combine to provide maximum flexibility, always tracking the market and on the hunt for opportunities in their specific business areas. These are independent teams, each with its own strategy and clearly defined areas of responsibility, creating valuable synergies by leveraging on one another's strengths.

The flexible and innovative structure of Danske Commodities is a main driver of the advances we have made in our revenue and earnings. Also, the diversified and more comprehensive business base serves to reduce our organisation's

overall risk profile. Hedging risk is an integral part of our business, and our top priority is trading at minimum risk. In 2012, we had 341 profitable trading days on the business activities.

At Danske Commodities, our goal is to add value for our customers and for our company – while always maintaining a full overview of the risk. 37% of our business is customer driven, and we expect that rate to grow as we launch new products and services.

Our company's everyday operations can be described in a few words: mindful growth – energy without borders.

## INTERNATIONAL PROFILE

TRADING ACTIVITY

31

Countries in Europe

PRESENCE

10

Foreign subsidiaries

DIVERSITY

22

Nationalities

### PASSION FOR ENERGY

Our three-year “Passion for Energy” growth strategy builds on the development and internationalisation of our business and our products. By attracting people with the right skills - and implementing the right systems, we are strengthening our growth engine. Giving top priority to risk management is the only way to ensure controlled growth.

When we launched our strategy in early 2011, Danske Commodities was mainly a trading house with extensive expertise in power, gas and climate products. As such, we were actively involved in the spot and forward markets and played an active role as an output load-balance and a consumption load-balance manager. Today, Danske Commodities is both a skilled trader and a competent adviser, a highly qualified partner with a large international presence capable of attending to customers' individual needs.

All of Danske Commodities' business areas are rooted in this specialised and strategic core focus, which opens the door to exploiting synergies across the value chain.

Our strategy builds on three areas: building our business, building our people and building our systems.

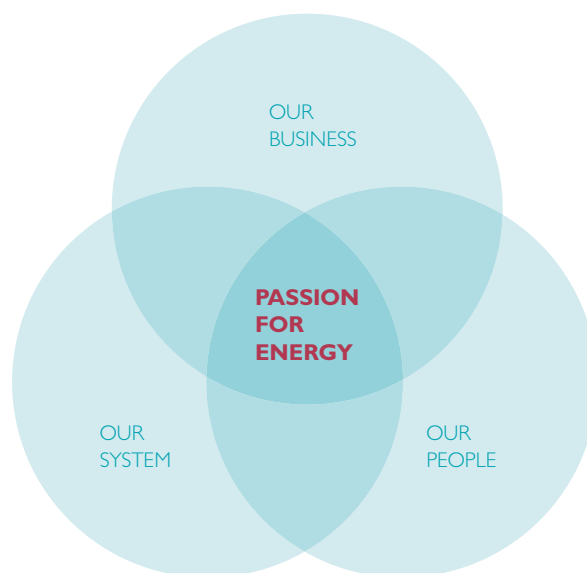
### BUILDING OUR BUSINESS

The European energy market has been undergoing extensive changes in recent years, as can be seen from the changing regulations. With the right frame of understanding, this opens up new markets and new products, and we believe this is a trend that will continue in the years ahead. Accordingly, the regulatory environment is a core growth driver for Danske Commodities and one that we monitor carefully with a view to further extending our geographical presence and enhancing our product development.

In 2012, we added trading operations in four new markets, set up three new business teams and expanded our range of customer-related services – achievements that all support our multi-pronged growth strategy.

While previously the market focus was on ownership of assets, the most important asset today is knowledge about volatile markets – one of Danske Commodities' core fields of expertise. Demand for our company's services has been particularly significant from Eastern and Southern Europe, and we added four new markets – Turkey, Albania, Lithuania and Ireland – to our map of international coverage.

### THE DC FOCUS



Danske Commodities' trading activities now span 31 countries, and we expect to add more new markets in 2013.

We have also expanded our portfolio of foreign subsidiaries in order to engage more closely with our customers and provide them with the best possible service. In several of our markets obtaining a trading license requires establishing a physical presence.

Customer-related services is a focal area for Danske Commodities. By establishing three new business teams in 2012 – dcOrigination, dcRenewables and dcGeneration (the DTU CHP plant) – we are now able to offer customised services such as load-balance management, wind-generated power management and origination certification.

Energy market volatility is another growth driver, as the ability to predict price levels is one of Danske Commodities' absolute key fields of expertise and one that produces significant benefits for our customers.

### BUILDING OUR PEOPLE

Our most important asset is our employees, and developing our employees is a critical factor for our continued success.

We doubled our staff in 2012 to 231 people representing 22 different nationalities. This was only possible thanks to our efficient in-house induction and training programmes and the great commitment we have across the organisation.

Our in-house training academy, dcAcademy, gives our many new employees a strong understanding of our business and our values. In the same way our Team Leader Academy provides a training programme for our teamleaders. Training is provided by highly competent professional instructors, and our courses include a specially designed strategy module developed in co-operation with Henley Business School.

In other words, a dedicated, long-term approach to enabling our people to develop the right skills and expertise is a top priority at Danske Commodities. Mutual demands for flexibility and responsibility are equally a key component in the active and dedicated effort to develop professional and personal skills at both individual and team level.

About 75% of dc people have or are working to obtain a university degree. A cornerstone of our company's competitive strength is to attract and retain the best talents. For this reason Danske Commodities is pursuing a dedicated employer branding strategy to support our company culture and to position Danske Commodities as an attractive workplace.

We have defined specific goals for employer branding that include high employee satisfaction, low employee attrition, low sickness absence and a commitment to living our corporate values.

### BUILDING OUR SYSTEMS

Danske Commodities' business backbone is very much IT-based. All trading is electronic, and our risk management operations also require reliable systems.

Also crucial in supporting our company's powerful growth is a strong IT platform, as this is a means to creating differentiated products and building competitive strength along with our customers, while ensuring optimum working conditions for the ever-growing dc team.

We expand our IT organisation as our needs grow. Most recently, we appointed a CIO and launched a new IT strategy, Passion for IT, with the purpose of implementing value-adding IT solutions.

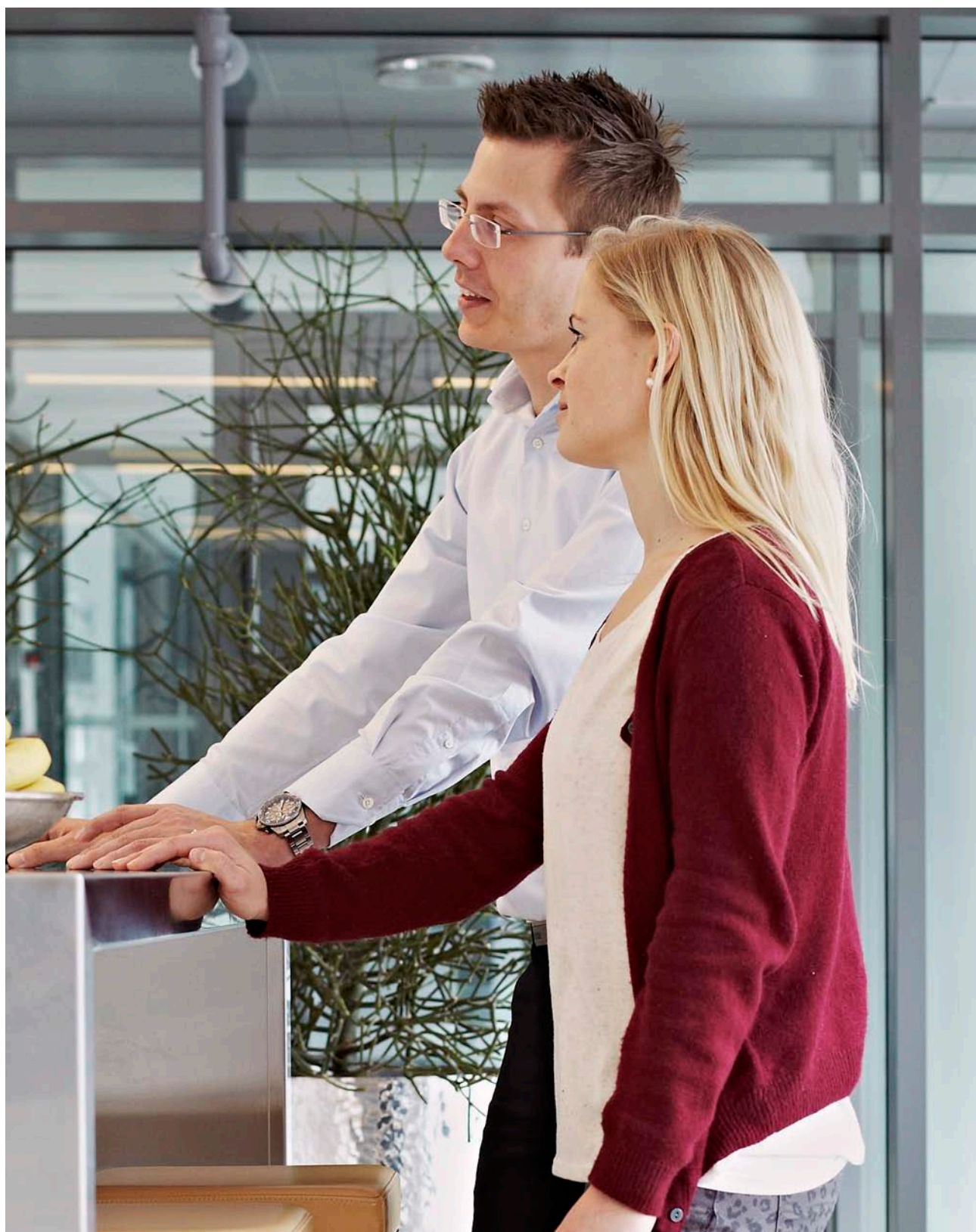
In 2012, we invested more than EUR 7 million in improving our IT systems to strengthen our IT infrastructure, our business systems and the way we organise our IT applications, thereby making our platform and organisation more scalable. Going forward, our focus will be on maturing our IT organisation, and that will include taking steps to making our operations even more reliable among others through the application of a business continuity management system.

### FOCAL POINTS FOR 2013

- Opportunities in highly volatile markets
- Regulatory developments throughout Europe
- Opportunities to exploit local presence, including in Central and Eastern Europe
- Market implications of the current shift toward green energy
- Further liberalisation of the markets in Eastern and Southern Europe
- Opportunities to help conventional power plants adapt to a greener Europe

– Our people are our greatest asset, and we do everything to keep employee satisfaction as high as possible. Happy people mean good recruitment opportunities.

**Carsten Vestermark,**  
Head of People & Communications







– We work on the frontiers of liberalisation. Right now, that's South-Eastern Europe.

**Cagdas Ozan Ates,**  
Head of dcEmerging Markets

## Power

At Danske Commodities, we trade electrical power in 31 markets, 24 hours a day, 365 days a year. Our company trades with power plants, utilities and trading houses and we specialise in renewable energy and emerging markets.

Danske Commodities' core expertise lies in asset management, short-term trading, Virtual Power Plant auctions and consumption management. Through our broad international presence, we are able to negotiate competitive prices and reduce our operational risk. In addition, owning the DTU CHP plant gives us a unique insight into the opportunities and risks power plant owners face – not to mention the contribution this acquisition made to our 2012 results.

Four of our teams work within the Power business area: dcCentral Western Europe, dcEmerging Markets, dcNordic and dcIntraday. Internationalisation was a big priority across this business area in 2012 and Danske Commodities set up trading activities in several new markets. We took advantage of the increasing energy market liberalisation to expand our product range and our customer portfolio.

At the same time we took advantage of the opportunities that arose in the highly volatile Power market.

### 2012 HIGHLIGHTS

- Roll-out of trading activities in four new markets – Ireland, Croatia, Albania and Turkey – concentrating mainly on cross-border power trading.
- Capacity expansion in the transmission line between DK1 (West Denmark) and Germany, one of Europe's most important power trading lines, which opened the door to new opportunities in the Danish market.
- Market expansion for Intraday trading in Bulgaria, Estonia, Ireland, Italy, Croatia, Romania and Serbia.
- Strengthened the position in Turkey and Macedonia, especially in connection with cross-border trading from Turkey.
- New asset management concept in dcIntraday.

# 178%

increase in the volume of bilateral power trades since 2011



Read more  
about dcPower





– A genuine gas market is the only way forward.

**Oliver Wolgast,**  
Head of Gas Origination

## Gas

Established in 2009, dcGas has strong potential considering the growing demand for customer-related services and structured products.

We offer both physical and financial products, including gas transport, wholesale trading and storage. Our structured products include swing supply, fixed supply and market access. Our gas trading team specialises in risk management solutions, leveraging on their extensive expert knowledge about what it takes to trade in gas. This also means that risk management is an integral component of our business at Danske Commodities. dcGas trades in an international network of more than 80 trading partners.

### 2012 HIGHLIGHTS

- Increased sales in the German market.
- New trading activity and agreements in the Italian market.
- First bio-methane trade between Germany and Sweden.
- Contracts for gas delivery to Danske Commodities' own power plant.
- Expanding storage capacity by adding new facilities in Slovakia, the Czech Republic and Denmark.
- New presence in Belgium, France and Italy, expanding our presence to a total of nine markets.

# 64%

increase in the number of  
bilateral counterparties in 2012



Read more  
about dcGas



– We help our customers get more value out of their green strategy.

**Allan Vittrup, Manager,**  
GOs and Carbon

## Certificates

There is a growing need for accreditation among all players in the energy market: from power companies and wind farms to energy producers and trading houses.

As one of the biggest players in the market for origination certification, dcOrigination is an end-to-end service provider. The team makes issuing certificates trading a no-hassle affair for Danske Commodities' customers. Danske Commodities keeps the administrative burden relating to GOs, LEC and power certificates to a minimum thus facilitating competitive market prices.

Our dcOrigination team also helps customers achieve accreditation, thus assisting them in going green and setting up in renewable energy.

In addition, our accreditation team is a specialist adviser leveraging in-depth knowledge about the fast-changing regulatory process to assist customers in navigating this very complex process.

Our services include swaps, spot trading and forward trading. Through our accreditation team customers can gain access to virtually all certificates in Europe. In other words, Danske Commodities provides access to any kind of trading within green energy.

Our dcClimate team plays an active role in many different markets, including large markets like Germany.

### 2012 HIGHLIGHTS

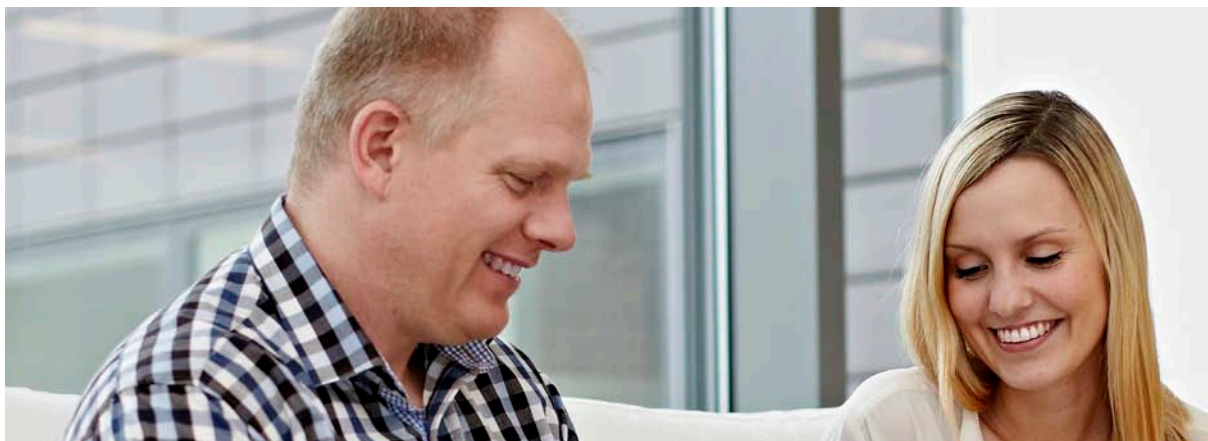
- First-ever trades in the airline industry after new legislation made aviation a part of the EU Emissions Trading System.
- Initial certification trades concluded in the Swedish market.
- Initial accreditation of CHP plants in Denmark (Assens district heating and Vestforbrænding waste management plant).
- Strong growth in certificates trading between the UK and the rest of Europe.

# 128%

increase in climate certificate  
sales since 2011



Read more about  
dcCertificates



– We make our customers more competitive.

**Peter Wager,**  
Head of dcWholesale

## Services

Through its expertise in power and gas trading and in accreditation, Danske Commodities generates specialist skills that can be used to develop a number of customer-related services that are all rooted in the expertise each of our individual business units possesses: expertise in portfolio management driven by high flexibility and low risk.

Our core products include product development services such as profile pricing, investment strategies, output and consumption load-balance management, and other advisory services to optimise relations with end customers. Other key products are power purchase agreements that combine competitive terms and top-quality service of wind or solar power facilities, and structured gas contracts with flexible products tailored specifically to the risk profiles of gas suppliers.

We expect the Services business unit – made up of the dcWholesale, dcRenewables and dcOrigination teams – to account for a growing proportion of Danske Commodities'

overall business, given the growing complexity in the energy market and, in turn, the growing demand for advisory services.

### 2012 HIGHLIGHTS

- Doubled our wind energy portfolio in Denmark, including contracts with attractive major Danish providers.
- Started dcWholesale operations in Germany.
- Set up dcRenewables, starting in Germany and expanding to Sweden.
- In terms of wind power management, dcRenewables is now in the top five in Germany.
- Set up dcOrigination, a team currently focused on accreditation of energy-efficient energy producers such as wind turbines, CHP plants and incineration plants.

# 29%

return provided to  
portfolio customers

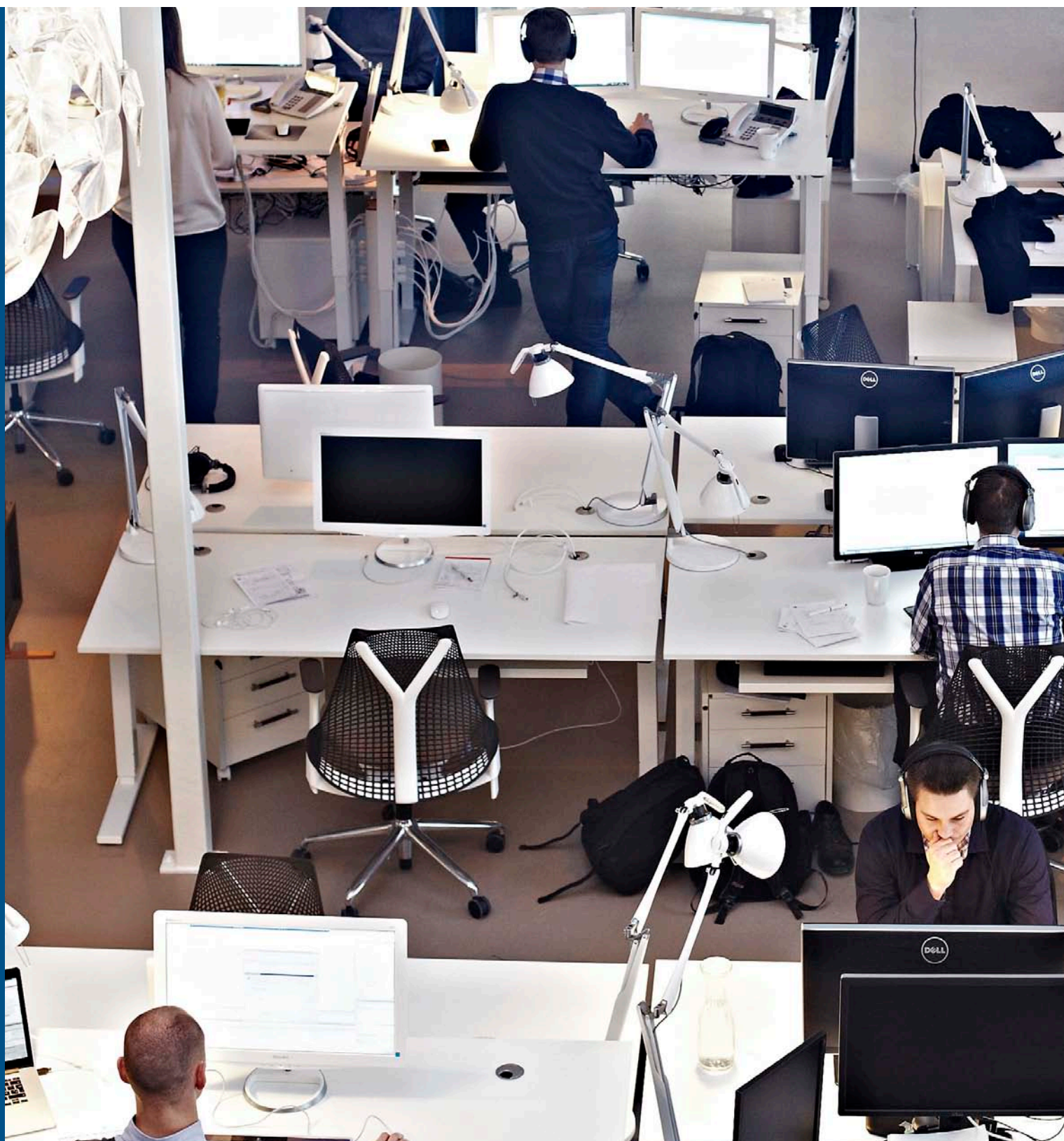


Read more  
about dcServices



– Our systems and processes for analysing large data sets ensure that our people have the best tools to convert market movements into attractive returns. Every day – all year.

**Rasmus Lundgaard Pedersen,**  
CIO, Danske Commodities







# Responsible growth

At Danske Commodities, we believe that corporate social responsibility is a prerequisite for long-term value creation. Taking our starting point in our company's values we want our CSR initiatives to make a real difference.

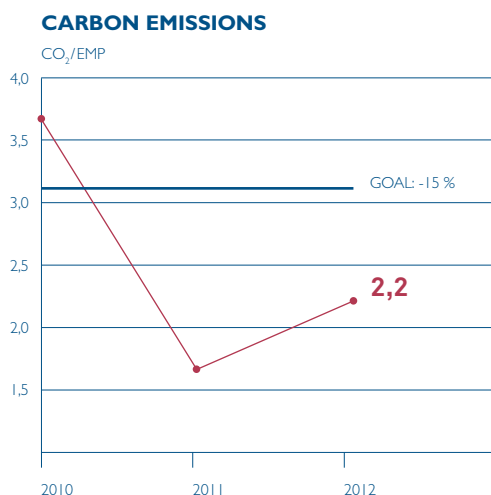
Our ambition at Danske Commodities is to unite our corporate social responsibility with our business responsibility towards our customers and our people. As a consequence, we highly prioritise the development and planning of our day-to-day operations and future growth platform with due care and consideration for our social and environmental footprint.

Several of our business areas centre on renewable energy, providing a natural platform for a business-driven CSR approach. Through our advisory services and the sale of green power for our customers, Danske Commodities plays an active role in the growing consumption of renewable energy.

Danske Commodities' CSR efforts build on a range of specific initiatives involving the environment, our people and society.

## THE ENVIRONMENT

Our ambition at Danske Commodities is to contribute to a sustainable environment by keeping our environmental footprint to a minimum.



Most of the company's carbon emissions are attributable to the consumption of electricity and heating at our head office in Aarhus and our extensive use of IT. By implementing a vast range of energy-efficient solutions such as replacing physical servers with virtual servers, we achieved our 2020 climate impact target as early as 2011/12.

In other words, we reduced our direct and indirect carbon emissions by 15% per employee relative to 2010 in record time. Going forward we will retain our focus on energy-saving solutions, and once we have relocated to our new corporate headquarters in 2015 we will define new carbon emission targets.

As part of our climate strategy, our company has bought and cancelled credits in the voluntary credit market, offsetting the carbon emissions stemming from our business operations. Similarly, Danske Commodities helps its customers meet their climate targets and obligations through trading in climate certificates and carbon quotas, and provides advisory services on accreditation.

Danske Commodities also takes a proactive approach in reducing greenhouse gas emissions by recycling paper and green scrapping (IT equipment). We buy only Swan-labelled and FSC-certified products which ensure the protection of animal and plant life in the production processes and because the people involved in the manufacturing of these products are provided with adequate training, safety equipment and decent wage conditions.

Our environment and climate plan includes ongoing specification and reporting to ensure a systematic prioritisation of new initiatives and the continuing development of existing initiatives in consumption, transport and sourcing.

## dcPEOPLE

Staff well-being is crucial to Danske Commodities, and we make every effort to offer the best possible conditions to all dc people.





### PASSION FOR PEOPLE

In Tanzania albinos often live in fear of being killed. To protect them, many albino children are sent to special schools such as the Mwereni School for the Blind in Moshi Town, which helps children with albinism, skin diseases or blindness.

Danske Commodities learned about the school and the plight of albinos in Tanzania through the Southbank International School in London. Originally, Danske Commodities intended to donate solar panels to the school to support the children's education through the use of computer equipment. As it turned out, however, solar panels were only number 18 on the school's wish list. It was much more important for them to improve their security facilities.

Following a visit to Moshi Town and the school, Danske Commodities decided to donate funds for the construction of a three-metre high perimeter wall for the school. Every other week the school sends dc an updated report on this exciting building project.

The donation is only the beginning of a long-term relationship that will include specific initiatives intended to improve the life of the vulnerable children at the school. The eventual objective is for dc to help the staff and children enough to improve their own future opportunities. At the same time dc people and their families will be able to visit and help out at the school.

Our annual People Survey revealed a high satisfaction rate in 2012, with results that were highly consistent with the low employee turnover rate of just 6% over the past three years. All dc people shoulder great responsibility, and that requires flexibility from both our people and our company. For that very reason, our Leadership places great emphasis on work-life balance, and both the Leadership and all dc people actively take responsibility in preventing stress-related illnesses. Similar to 2011, absence due to illness was very low in 2012, with an average of less than two days per employee.

People and flexibility are two of Danske Commodities' ten values. In our People Survey, dc people rated the company's compliance with its corporate values at 5.6 on a scale of 6. The goal for 2013 is to maintain a high employee satisfaction rate.

Danske Commodities aims to be an attractive workplace and allow room for diversity. Accordingly, we are an equal opportunity employer. As at 31 December 2012, 22 nationalities were represented at Danske Commodities. Women made up 28% of our workforce, a rate that we prefer to see increased from now to 2015.

In addition, at Danske Commodities we believe it is important to motivate our staff, also by encouraging them to pursue their development goals through e.g. our in-house training academy - the dcAcademy - which we believe is one way to enhance Danske Commodities' overall skills set.

### SOCIETY

As part of the European energy infrastructure, Danske Commodities plays an important role locally and internationally. Energy trading knows no borders, and the same goes for Danske Commodities' desire to make a difference to society be it on the local or international level.

In Denmark, Danske Commodities supports local education which should be seen as a reflection of our company's recruitment needs and the responsibility we feel toward supporting higher education.

At a global level, our objective is to provide direct support to projects where Danske Commodities can specifically make a difference for the people involved, and where the support we provide can be a common point of reference for dc people and their families. A good example is the Passion for People project in Tanzania, which Danske Commodities began in 2012. See above to learn more.

– We have expanded significantly and built a strong liquidity buffer, so we are well positioned to continue growing.

**Kim Bendixen,**  
CFO, Danske Commodities



# Robust performance in 2012

Danske Commodities delivered robust financial results for 2012. We grew our revenue by 53% and our EBIT by 59%.

We took market share in existing business areas, the main drivers being our expanded international presence and the further development of our business base, for example through the acquisition of the DTU CHP plant.

Leadership is pleased with the positive performance in 2012, not least due to the fact that we have funded our growth in house while strengthening our liquidity at the same time.

| Financial performance MIO EURO     | 2012         | 2011 | Change |
|------------------------------------|--------------|------|--------|
| Revenue                            | <b>1.253</b> | 818  | 53%    |
| EBIT                               | <b>37</b>    | 23   | 59%    |
| Profit before tax                  | <b>39</b>    | 22   | 75%    |
| Equity                             | <b>65</b>    | 49   | 35%    |
| Cash and cash equivalents          | <b>76</b>    | 50   | 53%    |
| Equity ratio                       | <b>39%</b>   | 47%  | -17%   |
| Return on equity                   | <b>51%</b>   | 37%  | 38%    |
| Average no. of employees           | <b>149</b>   | 72   | 107%   |
| Number of employees at 31 December | <b>231</b>   | 107  | 116%   |

## REVENUE

Danske Commodities generated revenue of EUR 1,253 million in 2012 against EUR 818 million in 2011. This 53% revenue improvement was broadly based across our business areas, driven especially by the surge in new customer contracts in power and gas. Our power trading was up by 42%, while gas trading and other activities grew by 93%.

We expanded our trading base from 27 to 31 countries in 2012 and established three new teams: dcOrigination, dcRenewables and dcGeneration, which all added value across the organisation through their range of customer-related services.

## COSTS

Cost of sales amounted to EUR 1,190 million in 2012 against EUR 782 million in 2011, for a gross profit of EUR 62 million in 2012 against EUR 36 million in 2011. Accordingly, gross margin was up from 4.4% in 2011 to 5.0%, the improvement being driven by a changed product mix and the synergies achieved across the various business units.

In line with the sharp expansion of the business base, we have also more than doubled our headcount, from 107 in 2011 to 231 employees at year end 2012. Total staff expenses have risen accordingly by 81% from EUR 10 million in 2011 to EUR 18 million in 2012.

The increase in other external expenses from EUR 3 million in 2011 to EUR 7 million in 2012 consists of a rise in the cost of premises, higher sales and marketing costs, and the further development of our IT infrastructure in support of the Danske Commodities' trading platform and our risk management operations.

Amortisation, depreciation and impairment increased from EUR 0,1 million in 2011 to EUR 1 million in 2012 due to investments made in the DTU CHP plant and in IT.

## EARNINGS

We grew EBIT by 59% in 2012 to EUR 37 million from EUR 23 million in 2011.

Net financial items were an income of EUR 2 million in 2012 against an expense of EUR 1 million in 2011. The improvement was mainly due to capital gains on the company's securities portfolio.

Profit before tax for 2012 was EUR 39 million, up by 75% from EUR 22 million in 2011.

Tax on the profit for the year amounted to EUR 9 million corresponding to an effective tax rate of 25%. This brought net profit for the year to EUR 29 million, a 77% improvement from EUR 16 million in 2011.

## BALANCE SHEET AND EQUITY

Total assets at 31 December 2012 amounted to EUR 167 million, an increase of 62% on 31 December 2011. The change was primarily attributable to the strong increase in current assets resulting from the higher level of activity.

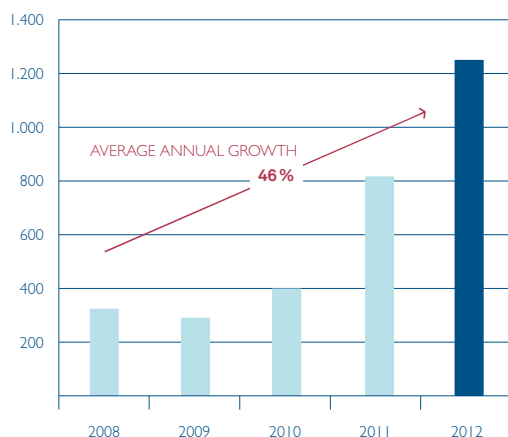
Fixed assets amounted to EUR 11 million at 31 December 2012 against EUR 2 million at the end of 2011. The increase mainly reflects the acquisition of the DTU CHP plant and completed investments in IT systems and premises.

Current assets grew by EUR 54 million, or 54%, during the year to EUR 156 million. The 52% increase in receivables was ascribable to a sharp expansion of business activities, and the 53% increase in cash and cash equivalents is indicative of the company's focus on generating a positive cash flow.

Equity amounted to EUR 65 million at 31 December 2012, against EUR 49 million at 31 December 2011. Accordingly, the Group's equity ratio was 39% against 47% in 2011. The change was due to the much greater level of business activity, which has driven up total assets. The return on equity for 2012 was 51% against 37% in 2011.

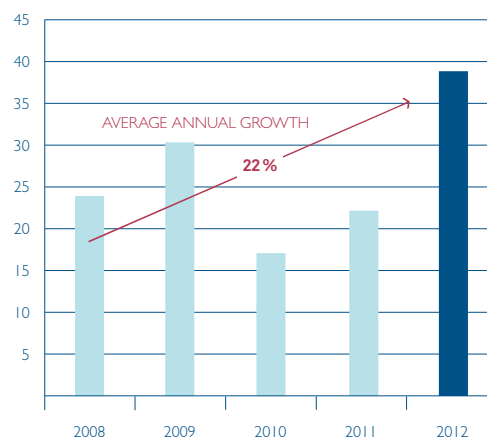
## REVENUE

MIO EURO



## PROFIT BEFORE TAX

MIO EURO



Danske Commodities has a strong capital structure. Its interest-bearing debt was only EUR 3 million at the end of 2012, and given its cash and cash equivalents of EUR 76 million - including securities - the company has significant cash reserves.

### CASH FLOWS

Cash flows from operating activities amounted to EUR 44 million in 2012 against EUR 18 million in 2011, the improvement being due to the positive earnings performance and the EUR 11 million improvement in working capital.

Cash flows for investing activities were an outflow of EUR 10 million in 2012 against an outflow of EUR 2 million in 2011, the increase being driven by the greater focus on developing and consolidating the business.

Cash flows from financing activities were an outflow of EUR 9 million due to a capital increase, a dividend allocation and a change in interest-bearing debt.

Accordingly, total cash flows for 2012 were an inflow of EUR 24 million. Including value adjustments, the total effect on cash and cash equivalents was EUR 26 million.

### INTERNATIONAL OPERATIONS

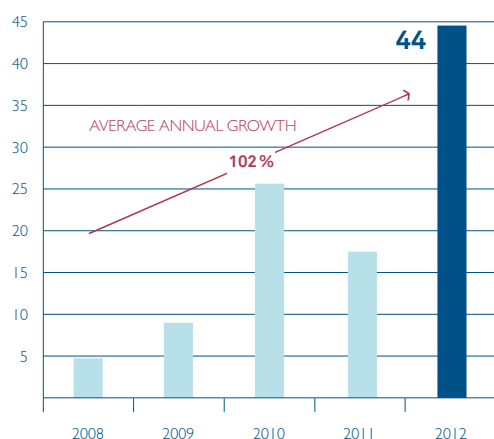
Danske Commodities set up additional subsidiaries outside Denmark in 2012 in order to forge closer ties with our Central and Eastern European customers. The addition of dcTurkey and dcSwitzerland brought Danske Commodities' portfolio of foreign subsidiaries to ten.

### EVENTS AFTER THE BALANCE SHEET DATE

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

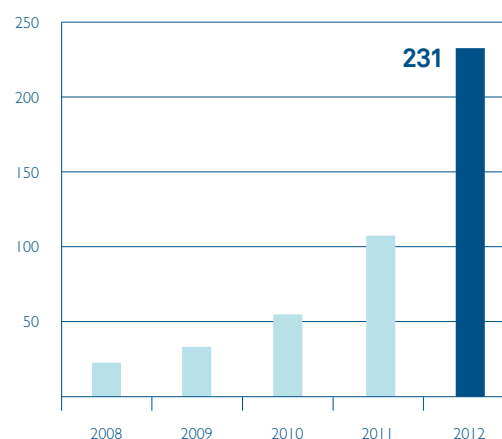
### CASHFLOW FROM OPERATING ACTIVITIES

MIO EURO



### EMPLOYEE HEADCOUNT

AT 31 DECEMBER





– Our commitment to long-term, tightly controlled growth demands relentless risk management.

**Helle Østergaard Kristiansen**  
Head of Risk & Compliance





# Risk management is our top priority

It is essential for Danske Commodities' Board and executive Leadership that the company's risk exposure is always adequately monitored, and that Danske Commodities has policies and procedures in place to ensure efficient management of identified risks.

Risk management is given top priority and is an integral part of the day-to-day operations at Danske Commodities. That gives us vigorous and controlled growth and the ability to respond quickly if assumptions change.

At Danske Commodities we only assume calculated risks that lie within our overall strategic targets, and we systematically track our risk exposure in order to hedge and counter risks that have a special impact on our company.

At least once a year we prepare a risk matrix in which the risks to the company are identified and ranked in order of priority on the basis of materiality and probability, both at team level and aggregated for Danske Commodities overall.

## ORGANISATIONAL SETUP

Danske Commodities' Leadership is in charge of the company's overall risk policy and has the final word on general principles on the management and monitoring of risk. The Risk & Compliance Team is responsible for the operational risk management and for reporting to Leadership.

Danske Commodities further strengthened its risk management profile in 2012, expanding the Risk & Compliance and the Legal & Business Clearing teams from 11 to 27 people. They all work to provide a balanced risk profile for Danske Commodities and a clear correlation between the company's strategy and the risks assumed in day-to-day operations.

## RISK & COMPLIANCE ORGANISATION



Danske Commodities has six main risk categories, all of which have a potential impact on the company's earnings, financial position and assets.

### **CREDIT RISK**

Credit risk covers the loss that could occur if a counterparty or a customer fails or is unwilling to meet its obligations.

Danske Commodities' Leadership has the overall responsibility for the company's credit policy. Clear restrictions and policies have been defined for the company's approach to credit risk.

Danske Commodities performs a credit rating of all potential customers prior to opening contract negotiations. Part of the credit rating process includes a compliance check of all customers ("Know Your Customer").

Credit risk is managed by defining limits for the risk the company is willing to assume on each individual counterparty and by making timely adjustments should a customer's creditworthiness change. Generally, Danske Commodities' customers have high credit ratings, but for those who do not, we ask for collateral in the form of cash or a bank guarantee, and in some cases we may change our terms of payment.

We further developed the Danske Commodities Credit Score Model in 2012, and we set up a Credit Risk Forum to monitor credit risk in the market.

### **MARKET RISK AND FINANCIAL RISK**

Changing energy prices and interest and exchange rate fluctuations constitute the key market and financial risks in the company's business areas.

Market risk is an indication that the value of open positions may change as a result of changing market prices. Due to their potentially strong impact on the company's earnings, volatility and commodity price developments require constant monitoring and stress testing.

Open positions are only accepted at Danske Commodities if mandates have been established and all positions are monitored closely.

Interest rate and exchange rate risks are factors that may have an adverse impact on Danske Commodities' consolidated income statement and balance sheet due to changes in interest rate levels or foreign exchange rates.

Market risks and financial risks are continually monitored, assessed and analysed at Danske Commodities. Interest and foreign exchange risks are limited and continually hedged in accordance with the specific instructions and guidelines provided by Leadership.

Also, Danske Commodities has set up a Treasury function in order to ensure that financial risks are hedged and kept to a minimum.

### **LIQUIDITY RISK**

Liquidity risk is the risk of having inadequate cash resources to honour payments and guarantee obligations.

Given Danske Commodities' solid capital structure, the company's liquidity risks are considered to be low. Strong cash flows from operations, substantial cash resources and unutilised credit facilities mean that Danske Commodities has stable and adequate liquidity.

Danske Commodities expanded its cash flow model in 2012, and its increased use of stress testing and application of the minimum level of liquidity concept puts the company in an even better position to manage liquidity reserves and to always withstand extreme market movements. Danske Commodities recently set up the Treasury Team to take on the day-to-day responsibility of the company's liquidity management. As part of the company's overall contingency, the team has prepared a liquidity forecast in various market scenarios.

### **LEGAL RISKS**

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

Under Risk & Compliance, the dcLegal team helps reduce legal risks by supporting the various business areas in their compliance with local legislation in the markets where the company operates, and by assisting in contract negotiations. Fixed procedures have been defined for entering into contracts, and IT systems for electronic support of legal processes have been implemented.

The dcLegal team draws on the services of several major law firms in Denmark and abroad.

### OPERATIONAL AND IT RISK

Operational risk pertains to the risk of loss as a result of human or system error, including inappropriate internal procedures.

Danske Commodities has invested substantial resources in recent years to develop IT systems and internal working procedures that eliminate the risk of direct or indirect loss as a result of inadequate or faulty internal processes.

The separation of the execution and controlling functions is a key factor in minimising the risk of loss at Danske Commodities.

Danske Commodities relies strongly on electronic knowledge sharing and on a reliable IT infrastructure. Loss of data, business disruptions and system breakdowns could have a material adverse impact on the company's results of operation and financial position.

The IT infrastructure was upgraded in 2012, and as the company is a much larger organisation today, it has drawn up an IT security policy and begun the implementation of an IT security management system. As part of this process, we have consolidated our IT activities under a CIO function. In addition, we apply a dedicated business continuity management approach to enable our company to be prepared for potential contingency situations at any time.

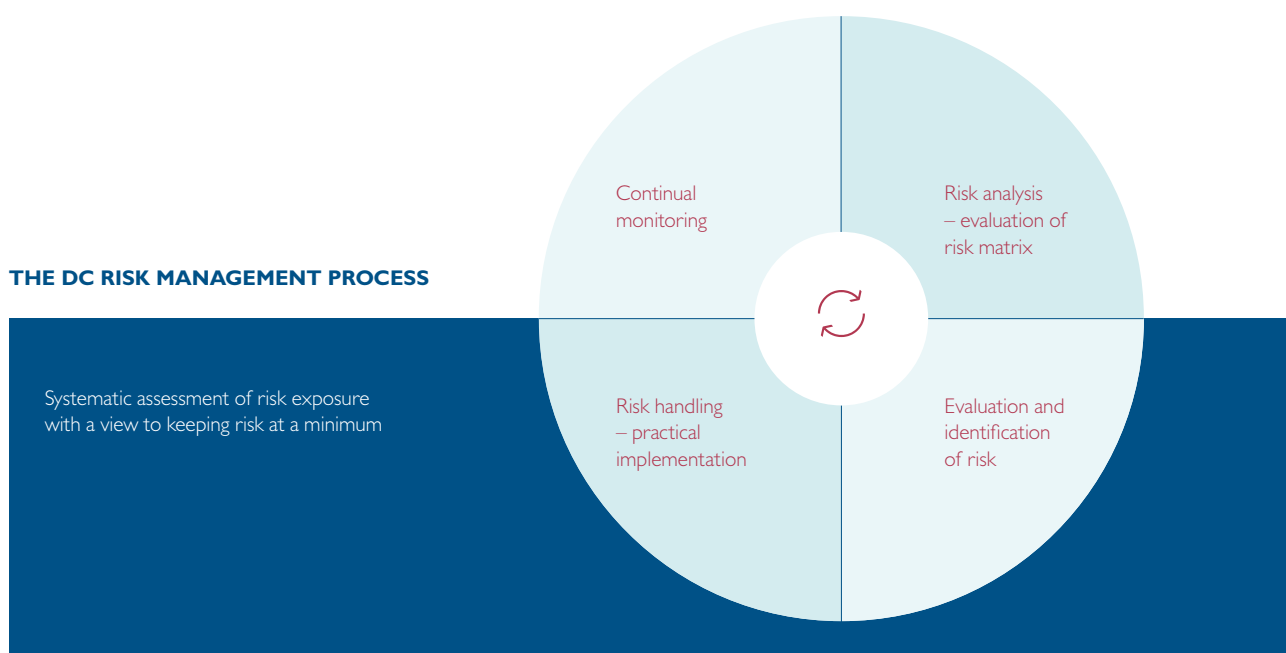
### RISK OF LOSING EXPERTISE AND KEY EMPLOYEES

At Danske Commodities, our people make up our most important asset. Employee turnover involves the risk of losing expertise or key individuals.

Danske Commodities employs a large number of specialists possessing very unique skill profiles. Our philosophy is that everyone is needed, but no one is irreplaceable. As a result, we aim to create a good framework for knowledge sharing at all levels of the organisation. A structured approach to developing skills and expertise, resource planning and to Leadership and Leadership development is also a high priority area for Danske Commodities.

Having a successful people retention policy is essential for Danske Commodities. In 2012, we had a net inflow of 124 people to the organisation and only 10 full-time staff left the company. Performance-based compensation, interdisciplinary personal development paths, attractive skills development and continual professional development programmes help underpin the company's successful retention policy.

### THE DC RISK MANAGEMENT PROCESS



# Board of Directors and Executive Leadership

## BOARD OF DIRECTORS



### HENRIK LIND

Henrik Lind, born 1975  
Chairman

#### Background:

Managing Director of Lind Invest ApS.  
Founder of Danske Commodities A/S in  
2004. Banking education and Diploma in  
Business Administration (Finance).

#### Board memberships:

- Cornerstone Properties A/S, Chairman
- Kristensen Partners III A/S, Chairman
- Lind Capital, Chairman
- 4U-Development A/S
- Dbh Technology A/S
- Hemonto A/S
- SE Blue Equity Management A/S
- Skako A/S

#### Key skills:

Business development, trading, strategy



### SØREN VESTERGAARD-POULSEN

Søren Vestergaard-Poulsen, born 1969  
Vice Chairman  
Joined the Board in March 2013

#### Background:

Partner and in charge of Nordic  
Investments at London based CVC  
Capital Partners. Consultant at McKinsey  
& Co. MSc in Economics & Business  
Administration from Copenhagen  
Business School.

#### Board memberships:

- Matas/Mholding A/S, Chairman
- Bpost NV, (Belgian post)
- Ahlsell AB

#### Key skills:

Strategy, internationalisation, M&A



### PER SKOVHUS

Per Skovhus, born 1959  
Joined the Board in March 2013

#### Background:

Long-standing career at Danske Bank  
(1979-2012), ultimately as Executive  
Board Member and Head of Credit.  
Master of Law.

#### Board memberships:

- A/S United Shipping &  
TradingCompany and 7  
wholly-owned subsidiaries
- Uni-Tankers A/S including  
1 wholly-owned subsidiary
- Jyske Bank A/S

#### Key skills:

Credit, risk management, crisis  
management



#### **PETER L. RAVN**

Peter L. Ravn, born 1955  
Joined the Board in March 2013

##### **Background:**

Long-standing career at SimCorp (1986-2012), the last eleven years serving as the company's CEO. Engineering and Ph.D. in System Science. Diploma in Business Administration (Finance and Credit).

##### **Board memberships:**

- Systematic A/S, Chairman
- Stibo A/S

##### **Key skills:**

IT, risk management, corporate governance, leadership, internationalisation



#### **DION SØRENSEN**

Dion Sørensen, born 1976  
Joined the Board in March 2013

##### **Background:**

Vice President in HR at Danske Bank. Authorised MSc in Psychology and Graduate Diploma in Business Administration (Financial Management) from Copenhagen Business School. Dion has published several books on leadership, talent and organisational development. Dion is also the author of dc's Team Leader Handbook and the creator of the Team Leader Academy which focuses on developing dc's Team Leaders.

##### **Key skills:**

Organisation and talent development, recruitment and leadership

## **EXECUTIVE LEADERSHIP**



#### **TORBEN NORDAL CLAUSEN**

Torben Nortal Clausen, born 1969  
CEO

Joined Danske Commodities in 2010

##### **Background:**

Previously with the Bunker Holding Group, J. Lauritzen Holding and East Asiatic Company. Holds an Executive MBA from Henley Business School.



#### **KIM FRODE BENDIXEN**

Kim Frode Bendixen, born 1961  
CFO

Joined Danske Commodities in 2011

##### **Background:**

Previously with CSC Nordic, Scandinavian IT Group and EuroCom Industries. HD Diploma in Informatics & Finance and has attended Executive Programmes at the Copenhagen Business School and a Business Leadership Programme in London.

# Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Danske Commodities A/S for the financial year 1 January – 31 December 2012.

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

In our opinion, the Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2012 of the Group and the Parent Company and of the results of the Group and Parent Company operations as well as the consolidated cash flows for 2012.

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

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

Aarhus, 11 April 2013

## EXECUTIVE BOARD

---

Torben Nordal Clausen  
CEO

---

Kim Bendixen  
CFO

## BOARD OF DIRECTORS

---

Henrik Østenkjær Lind  
Chairman

---

Søren Vestergaard-Poulsen  
Vice-chairman

---

Per Skovhus

---

Peter L. Ravn

---

Dion Sørensen



# Independent Auditor's Report

To the Shareholders of Danske Commodities A/S

## REPORT ON PARENT COMPANY FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

We have audited the Danish Version of the Parent Company Financial Statements and the Consolidated Financial Statements of Danske Commodities A/S for the financial year 1 January – 31 December 2012, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and summary of significant accounting policies for both the Group and the Parent Company. The Parent Company Financial Statements and the Consolidated Financial Statements are prepared in accordance with the Danish Financial Statements Act.

## MANAGEMENT'S RESPONSIBILITY FOR THE PARENT COMPANY FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of Parent Company Financial Statements and Consolidated Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Parent Company Financial Statements and Consolidated 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 Parent Company Financial Statements and the Consolidated 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 Parent Company Financial Statements and the Consolidated Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company 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 Management, as well as evaluating the overall presentation of the Parent Company Financial Statements and the Consolidated 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 Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Parent Company and the Group at 31 December 2012 and of the results of the Parent Company and Group operations and cash flows for the financial year 1 January - 31 December 2012 in accordance with the Danish Financial Statements Act.

## STATEMENT ON MANAGEMENT'S REVIEW

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Parent Company Financial Statements and the Consolidated Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Parent Company Financial Statements and the Consolidated Financial Statements.

Aarhus, 11. april 2013

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab



Henrik Kragh  
State Authorised Public Accountant



Steffen Kjær Rasmussen  
State Authorised Public Accountant

– Energy never sleeps and our clients expect us to trade all day – both on the different trading platforms, OTC and bilaterally. We cover the whole curve from day-to-day trading to longer term contracts, and we can handle both physical and structured financial products.

**Anders Thomsen,**  
Trader, Danske Commodities





# Financial Statements

## FINANCIAL STATEMENTS

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# Income Statement

## 1 January - 31 December

| EUR '000   | Note | GROUP            |                | PARENT           |                |
|--|------|------------------|----------------|------------------|----------------|
|  |      | 2012             | 2011           | 2012             | 2011           |
| <b>Revenue</b>   | 1    | <b>1.252.690</b> | <b>817.978</b> | <b>1.245.866</b> | <b>817.978</b> |
| Cost of sales  |      | -1.190.470       | -782.025       | -1.187.677       | -782.025       |
| <b>Gross profit</b>  |      | <b>62.220</b>    | <b>35.953</b>  | <b>58.189</b>    | <b>35.953</b>  |
| Other external expenses  |      | -6.750           | -3.099         | -4.828           | -3.165         |
| Staff expenses   | 2    | -17.789          | -9.761         | -17.489          | -9.710         |
| Amortisation, depreciation and impairment of intangible assets and property, plant and equipment |      | -1.121           | -113           | -629             | -113           |
| <b>Profit/loss before financial income and expenses (EBIT)</b>                                   |      | <b>36.560</b>    | <b>22.980</b>  | <b>35.243</b>    | <b>22.965</b>  |
| Income from investments in subsidiaries  |      | 0                | 0              | 657              | 5              |
| Financial income   | 3    | 2.525            | 733            | 2.627            | 726            |
| Financial expenses   |      | -362             | -1.619         | -159             | -1.602         |
| <b>Profit/loss before tax (EBT)</b>  |      | <b>38.723</b>    | <b>22.094</b>  | <b>38.368</b>    | <b>22.094</b>  |
| Tax on profit/loss for the year  | 4    | -9.477           | -5.616         | -9.122           | -5.616         |
| <b>Net profit/loss for the year</b>  |      | <b>29.246</b>    | <b>16.478</b>  | <b>29.246</b>    | <b>16.478</b>  |
| <b>Proposed distribution of profit</b>   |      |                  |                |                  |                |
| Proposed dividend for the year   |      | 12.064           | 12.079         | 12.064           | 12.079         |
| Reserve for net revaluation under the equity method  |      | 0                | 0              | 657              | 5              |
| Retained earnings  |      | 17.182           | 4.399          | 16.525           | 4.394          |
|  |      | <b>29.246</b>    | <b>16.478</b>  | <b>29.246</b>    | <b>16.478</b>  |

# Balance Sheet at 31 December

## - Assets

| EUR '000   | Note     | GROUP          |                | PARENT         |                |
|--|----------|----------------|----------------|----------------|----------------|
|  |          | 2012           | 2011           | 2012           | 2011           |
| Software   |          | 4.686          | 1.389          | 4.574          | 1.389          |
| Co <sub>2</sub> quotas                           |          | 203            | 0              | 0              | 0              |
| <b>Intangible assets</b>                         | <b>5</b> | <b>4.889</b>   | <b>1.389</b>   | <b>4.574</b>   | <b>1.389</b>   |
| Land and buildings                               |          | 992            | 0              | 0              | 0              |
| Other fixtures and fittings, tools and equipment |          | 4.685          | 311            | 1.167          | 311            |
| Leasehold improvements                           |          | 514            | 60             | 514            | 60             |
| <b>Property, plant and equipment</b>             | <b>6</b> | <b>6.191</b>   | <b>371</b>     | <b>1.681</b>   | <b>371</b>     |
| Investments in subsidiaries                      | 7        | 0              | 0              | 1.179          | 190            |
| Other investments                                | 8        | 13             | 13             | 13             | 13             |
| Other receivables                                | 8        | 218            | 146            | 218            | 146            |
| <b>Fixed asset investments</b>                   |          | <b>231</b>     | <b>159</b>     | <b>1.410</b>   | <b>349</b>     |
| <b>Fixed assets</b>                              |          | <b>11.311</b>  | <b>1.919</b>   | <b>7.665</b>   | <b>2.109</b>   |
| <b>Inventories</b>                               |          | <b>5.065</b>   | <b>2.389</b>   | <b>4.596</b>   | <b>2.389</b>   |
| Trade receivables                                |          | 68.858         | 40.912         | 62.458         | 40.234         |
| Receivables from group enterprises               |          | 1              | 0              | 7.771          | 1.351          |
| Other receivables                                | 9        | 5.154          | 7.835          | 5.154          | 7.773          |
| Prepayments                                      |          | 296            | 390            | 104            | 390            |
| <b>Receivables</b>                               |          | <b>74.309</b>  | <b>49.137</b>  | <b>75.487</b>  | <b>49.747</b>  |
| <b>Current asset investments</b>                 |          | <b>21.729</b>  | <b>9.678</b>   | <b>21.729</b>  | <b>9.678</b>   |
| <b>Cash at bank and in hand</b>                  |          | <b>54.645</b>  | <b>40.308</b>  | <b>46.799</b>  | <b>39.465</b>  |
| <b>Current assets</b>                            |          | <b>155.748</b> | <b>101.512</b> | <b>148.611</b> | <b>101.279</b> |
| <b>Assets</b>                                    |          | <b>167.059</b> | <b>103.431</b> | <b>156.276</b> | <b>103.388</b> |

# Balance Sheet at 31 December

## - Liabilities and equity

| EUR '000  | Note | GROUP          |                | PARENT         |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2012           | 2011           | 2012           | 2011           |
| Share capital                                       | 10   | 498            | 448            | 498            | 448            |
| Reserve for net revaluation under the equity method |      | 0              | 0              | 641            | 5              |
| Retained earnings                                   |      | 52.853         | 36.182         | 52.212         | 36.177         |
| Proposed dividend for the year                      |      | 12.064         | 12.079         | 12.064         | 12.079         |
| <b>Equity</b>                                       |      | <b>65.415</b>  | <b>48.709</b>  | <b>65.415</b>  | <b>48.709</b>  |
| Provision for deferred tax                          |      | 1.268          | 307            | 1.135          | 307            |
| <b>Provisions</b>                                   |      | <b>1.268</b>   | <b>307</b>     | <b>1.135</b>   | <b>307</b>     |
| Debt to mortgage credit institutes                  |      | 2.459          | 0              | 0              | 0              |
| <b>Long-term debt</b>                               | 11   | <b>2.459</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| Debt to mortgage credit institutes                  |      | 457            | 0              | 0              | 0              |
| Trade payables                                      |      | 72.870         | 44.145         | 64.710         | 44.126         |
| Payables to group enterprises                       |      | 0              | 0              | 0              | 73             |
| Corporation tax                                     |      | 5.903          | 1.920          | 5.669          | 1.920          |
| Other payables                                      | 12   | 18.687         | 8.350          | 19.347         | 8.253          |
| <b>Short-term debt</b>                              |      | <b>97.917</b>  | <b>54.415</b>  | <b>89.726</b>  | <b>54.372</b>  |
| <b>Debt</b>   |      | <b>100.376</b> | <b>54.415</b>  | <b>89.726</b>  | <b>54.372</b>  |
| <b>Liabilities and equity</b>                       |      | <b>167.059</b> | <b>103.431</b> | <b>156.276</b> | <b>103.388</b> |
| Security and other financial obligations            | 13   |                |                |                |                |
| Ownership and related parties                       | 14   |                |                |                |                |



# Statement of Changes in Equity

| EUR '000   | Share capital | Share premium | Reserve under the equity method | Retained earnings | Proposed dividend for the year | Total         |
|--|---------------|---------------|---------------------------------|-------------------|--------------------------------|---------------|
| <b>Group</b>   |               |               |                                 |                   |                                |               |
| Equity at 1 January 2012                                     | 448           | 0             | 0                               | 36.182            | 12.079                         | 48.709        |
| Exchange adjustment  | 0             | 0             |                                 | -191              | 0                              | -191          |
| Cash capital increase  | 50            | 11.120        | 0                               | 0                 | 0                              | 11.170        |
| Share premium for the year                                   | 0             | -11.120       | 0                               | 11.120            | 0                              | 0             |
| Dividend paid  | 0             | 0             | 0                               | -11.419           | -12.079                        | -23.498       |
| Exchange adjustment relating to independent foreign entities | 0             | 0             | 0                               | -21               | 0                              | -21           |
| Net profit/loss for the year                                 | 0             | 0             | 0                               | 17.182            | 12.064                         | 29.246        |
| <b>Equity at 31 December 2012</b>                            | <b>498</b>    | <b>0</b>      | <b>0</b>                        | <b>52.853</b>     | <b>12.064</b>                  | <b>65.415</b> |
| <b>Parent</b>  |               |               |                                 |                   |                                |               |
| Equity at 1 January 2012                                     | 448           | 0             | 5                               | 36.177            | 12.079                         | 48.709        |
| Exchange adjustment  | 0             | 0             | 0                               | -191              | 0                              | -191          |
| Cash capital increase  | 50            | 11.120        | 0                               | 0                 | 0                              | 11.170        |
| Share premium for the year                                   | 0             | -11.120       | 0                               | 11.120            | 0                              | 0             |
| Dividend paid  | 0             | 0             | 0                               | -11.419           | -12.079                        | -23.498       |
| Exchange adjustment relating to independent foreign entities |               |               | -21                             | 0                 | 0                              | -21           |
| Net profit/loss for the year                                 | 0             | 0             | 657                             | 16.525            | 12.064                         | 29.246        |
| <b>Equity at 31 December 2012</b>                            | <b>498</b>    | <b>0</b>      | <b>641</b>                      | <b>52.212</b>     | <b>12.064</b>                  | <b>65.415</b> |

# Cash Flow Statement

| EUR '000   | Note | 2012           | 2011          |
|--|------|----------------|---------------|
| <b>Group</b>   |      |                |               |
| Net profit/loss for the year   |      | 29.246         | 16.478        |
| Adjustments  | 15   | 8.241          | 6.741         |
| Change in working capital  | 16   | 11.214         | -833          |
| <b>Cash flows from operating activities before financial income and expenses</b>                         |      | <b>48.701</b>  | <b>22.386</b> |
| Financial income   |      | 590            | 733           |
| Financial expenses   |      | -362           | -922          |
| <b>Cash flows from ordinary activities</b>   |      | <b>48.929</b>  | <b>22.197</b> |
| Corporation tax paid   |      | -4.530         | -4.607        |
| <b>Cash flows from operating activities</b>  |      | <b>44.399</b>  | <b>17.590</b> |
| Purchase of intangible assets  |      | -3.851         | -1.294        |
| Purchase of property, plant and equipment  |      | -6.611         | -259          |
| Fixed asset investments made   |      | -74            | -7            |
| Sale of property, plant and equipment  |      | 0              | 33            |
| Sale of fixed asset investments  |      | 2              | 5             |
| <b>Cash flows from investing activities</b>  |      | <b>-10.534</b> | <b>-1.522</b> |
| Repayment of debt to mortgage credit institutes  |      | -308           | 0             |
| Raising of debt to mortgage credit institutes  |      | 3.224          | 0             |
| Cash capital increase  |      | 11.170         | 0             |
| Dividend paid  |      | -23.498        | -7.516        |
| <b>Cash flows from financing activities</b>  |      | <b>-9.412</b>  | <b>-7.516</b> |
| <b>Change in cash and cash equivalents</b>   |      | <b>24.453</b>  | <b>8.552</b>  |
| Cash and cash equivalents at 1 January   |      | 49.986         | 42.132        |
| Exchange adjustment of current asset investments   |      | 1.935          | -698          |
| <b>Cash and cash equivalents at 31 December</b>  |      | <b>76.374</b>  | <b>49.986</b> |
| Cash and cash equivalents are specified as follows:  |      |                |               |
| Current asset investments  |      | 21.729         | 9.678         |
| Cash at bank and in hand   |      | 54.645         | 40.308        |
| <b>Cash and cash equivalents at 31 December</b>  |      | <b>76.374</b>  | <b>49.986</b> |
| Parts of the Group's cash at bank and in hand have been provided as security for the Group's commitments | 13   | 29.783         | 13.309        |

# Notes to the Annual Report

|                                    | GROUP            |                | PARENT           |                |
|------------------------------------|------------------|----------------|------------------|----------------|
| EUR '000                           | 2012             | 2011           | 2012             | 2011           |
| <b>1 REVENUE</b>                   |                  |                |                  |                |
| Electricity trade                  | 917.746          | 644.357        | 909.257          | 644.357        |
| Gas and other mineral trade        | 334.944          | 173.621        | 336.609          | 173.621        |
|                                    | <b>1.252.690</b> | <b>817.978</b> | <b>1.245.866</b> | <b>817.978</b> |
| <b>2 STAFF EXPENSES</b>            |                  |                |                  |                |
| Wages and salaries                 | 16.793           | 9.290          | 16.520           | 9.239          |
| Pensions                           | 174              | 77             | 174              | 77             |
| Other staff expenses               | 822              | 394            | 795              | 394            |
|                                    | <b>17.789</b>    | <b>9.761</b>   | <b>17.489</b>    | <b>9.710</b>   |
| Including remuneration to:         |                  |                |                  |                |
| Executive Board                    | 818              |                | 818              |                |
| Board of Directors                 | 181              |                | 181              |                |
|                                    | <b>999</b>       | <b>662</b>     | <b>999</b>       | <b>662</b>     |
| <b>Average number of employees</b> | <b>149</b>       | <b>72</b>      | <b>146</b>       | <b>72</b>      |
| <b>3 FINANCIAL INCOME</b>          |                  |                |                  |                |
| Interest income, group enterprises | 8                | 0              | 171              | 0              |
| Other financial income             | 2.517            | 733            | 2.456            | 726            |
|                                    | <b>2.525</b>     | <b>733</b>     | <b>2.627</b>     | <b>726</b>     |

|  | GROUP        |              | PARENT       |              |
|--|--------------|--------------|--------------|--------------|
| EUR '000                                     | 2012         | 2011         | 2012         | 2011         |
| <b>4 TAX ON PROFIT/LOSS FOR THE YEAR</b>     |              |              |              |              |
| Current tax for the year                     | 8.785        | 5.316        | 8.563        | 5.316        |
| Deferred tax for the year                    | 962          | 300          | 829          | 300          |
| Adjustment of tax relating to previous years | -272         | 0            | -272         | 0            |
| Adjustment of deferred tax previous years    | 2            | 0            | 2            | 0            |
| <b>Total tax for the year</b>                | <b>9.477</b> | <b>5.616</b> | <b>9.122</b> | <b>5.616</b> |
| Specified as follows:                        |              |              |              |              |
| Tax on profit/loss for the year              | 9.477        | 5.616        | 9.122        | 5.616        |
|  | <b>9.477</b> | <b>5.616</b> | <b>9.122</b> | <b>5.616</b> |
| <b>Effective tax rate</b>                    | <b>25,2%</b> | <b>25,4%</b> | <b>24,5%</b> | <b>25,4%</b> |

| EUR '000  | Software     | CO <sub>2</sub> quotas |
|---|--------------|------------------------|
| <b>5 INTANGIBLE ASSETS</b>                        |              |                        |
| <b>Group</b>                                      |              |                        |
| Cost at 1 January                                 | 1.425        | 0                      |
| Exchange adjustment                               | -10          | 0                      |
| Additions for the year                            | 3.597        | 254                    |
| Transfers during the year                         | 69           | 0                      |
| Cost at 31 December                               | 5.081        | 254                    |
| Amortisation and impairment losses at 1 January   | 36           | 0                      |
| Exchange adjustment                               | -1           | 0                      |
| Amortisation for the year                         | 347          | 51                     |
| Transfers   | 13           | 0                      |
| Amortisation and impairment losses at 31 December | 395          | 51                     |
| <b>Carrying amount at 31 December</b>             | <b>4.686</b> | <b>203</b>             |
| <b>Parent</b>                                     |              |                        |
| Cost at 1 January                                 | 1.425        |                        |
| Exchange adjustment                               | -9           |                        |
| Additions for the year                            | 3.473        |                        |
| Transfers   | 69           |                        |
| Cost at 31 December                               | 4.958        |                        |
| Amortisation and impairment losses at 1 January   | 36           |                        |
| Exchange adjustment                               | -1           |                        |
| Amortisation for the year                         | 336          |                        |
| Transfers   | 13           |                        |
| Amortisation and impairment losses at 31 December | 384          |                        |
| <b>Carrying amount at 31 December</b>             | <b>4.574</b> |                        |



| EUR '000  | Land and buildings | Other fixtures and fittings, tools and equipment | Leasehold improvements |
|---|--------------------|--|------------------------|
| <b>6 PROPERTY, PLANT AND EQUIPMENT</b>            |                    |  |                        |
| <b>Group</b>                                      |                    |  |                        |
| Cost at 1 January                                 | 0                  | 484  | 79                     |
| Exchange adjustment                               | 0                  | -13  | -1                     |
| Additions for the year                            | 1.065              | 5.014  | 532                    |
| Transfers   | 0                  | -69  | 0                      |
| Cost at 31 December                               | 1.065              | 5.416  | 610                    |
| Depreciation and impairment losses at 1 January   | 0                  | 173  | 19                     |
| Exchange adjustment                               | 0                  | -2   | 0                      |
| Depreciation for the year                         | 73                 | 573  | 77                     |
| Transfers   | 0                  | -13  | 0                      |
| Depreciation and impairment losses at 31 December | 73                 | 731  | 96                     |
| <b>Carrying amount at 31 December</b>             | <b>992</b>         | <b>4.685</b>                                     | <b>514</b>             |
| <b>Parent</b>                                     |                    |  |                        |
| Cost at 1 January                                 |                    | 484  | 79                     |
| Exchange adjustment                               |                    | -5   | -1                     |
| Additions for the year                            |                    | 1.132  | 532                    |
| Transfers   |                    | -69  | 0                      |
| Cost at 31 December                               |                    | 1.542  | 610                    |
| Depreciation and impairment losses at 1 January   |                    | 173  | 19                     |
| Exchange adjustment                               |                    | -1   | 0                      |
| Depreciation for the year                         |                    | 216  | 77                     |
| Transfers   |                    | -13  | 0                      |
| Depreciation and impairment losses at 31 December |                    | 375  | 96                     |
| <b>Carrying amount at 31 December</b>             |                    | <b>1.167</b>                                     | <b>514</b>             |

| EUR '000                                  | 2012         | 2011       |
|---|--------------|------------|
| <b>7 INVESTMENTS IN SUBSIDIARIES</b>      |              |            |
| <b>Parent</b>                             |              |            |
| Cost at 1 January                         | 185          | 1          |
| Exchange adjustment                       | -1           | 0          |
| Additions for the year                    | 351          | 184        |
| Cost at 31 December                       | 535          | 185        |
| Value adjustments at 1 January            | 5            | 0          |
| Exchange adjustment                       | -23          | 2          |
| Net profit/loss for the year              | 657          | 3          |
| Value adjustments at 31 December          | 639          | 5          |
| Investments with negative net asset value | 5            | 0          |
| <b>Carrying amount at 31 December</b>     | <b>1.179</b> | <b>190</b> |

Investments in subsidiaries are specified as follows:

| Name  | Reg. office | Share capital | Votes and ownership |
|---|-------------|---------------|---------------------|
| DC Generation A/S                             | Denmark     | DKK 500k      | 100,00%             |
| Danske Commodities d.o.o., Croatia            | Croatia     | HRK 20k       | 100,00%             |
| Danske Commodities Deutschland GmbH           | Germany     | EUR 25k       | 100,00%             |
| Danske Commodities Macedonia DOOEL Skopje     | Macedonia   | EUR 5k        | 100,00%             |
| Danske Commodities Bucharest S.R.L.           | Romania     | RON 0K        | 100,00%             |
| Danske Commodities Serbia d.o.o.              | Serbia      | EUR 1K        | 100,00%             |
| Danske Commodities Sweden AB                  | Sweden      | SEK 50K       | 100,00%             |
| Danske Commodities Turkey Enerji Ticaret A.Ş. | Turkey      | TRY 2,000K    | 100,00%             |
| Danske Commodities Albania Sh.p.k.            | Albania     | ALL 14,000K   | 100,00%             |
| Danske Commodities AG                         | Switzerland | CHF 100K      | 100,00%             |

| EUR '000                               | Other investments | Other receivables |
|--|-------------------|-------------------|
| <b>8 OTHER FIXED ASSET INVESTMENTS</b> |                   |                   |
| <b>Group</b>                           |                   |                   |
| Cost at 1 January                      | 13                | 146               |
| Additions for the year                 | 0                 | 74                |
| Disposals for the year                 | 0                 | -2                |
| Cost at 31 December                    | 13                | 218               |
| <b>Carrying amount at 31 December</b>  | <b>13</b>         | <b>218</b>        |
| <b>Parent</b>                          |                   |                   |
| Cost at 1 January                      | 13                | 146               |
| Additions for the year                 | 0                 | 74                |
| Disposals for the year                 | 0                 | -2                |
| Cost at 31 December                    | 13                | 218               |
| <b>Carrying amount at 31 December</b>  | <b>13</b>         | <b>218</b>        |

|   | GROUP        |              | PARENT       |              |
|---|--------------|--------------|--------------|--------------|
| EUR '000  | 2012         | 2011         | 2012         | 2011         |
| <b>9 OTHER RECEIVABLES</b>                      |              |              |              |              |
| Fair value of financial transactions, asset     | 12.784       | 7.721        | 12.784       | 7.721        |
| Fair value of financial transactions, liability | -9.784       | -3.802       | -9.784       | -3.802       |
| Fair value of financial transactions, net       | 3.000        | 3.919        | 3.000        | 3.919        |
| Deposits  | 2.154        | 3.727        | 2.154        | 3.727        |
| Other receivables                               | 0            | 188          | 0            | 127          |
|   | <b>5.154</b> | <b>7.834</b> | <b>5.154</b> | <b>7.773</b> |

**10 SHARE CAPITAL**

The share capital consists of 3,707k 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                 | 2012       | 2011       | 2010       | 2009       | 2008       |
|--------------------------|------------|------------|------------|------------|------------|
| Share capital beginning  | 448        | 448        | 448        | 448        | 437        |
| Capital increase         | 50         | 0          | 0          | 0          | 11         |
| Capital reduction        | 0          | 0          | 0          | 0          | 0          |
| <b>Share capital end</b> | <b>498</b> | <b>448</b> | <b>448</b> | <b>448</b> | <b>448</b> |

**11 LONG-TERM DEBT**

Repayments falling due within 1 year are recognised in short-term debt.

Other liabilities are recognised in long-term debt.

|   | GROUP        |          | PARENT |      |
|---|--------------|----------|--------|------|
| EUR '000                                  | 2012         | 2011     | 2012   | 2011 |
| The debt falls due as follows:            |              |          |        |      |
| <b>Debt to mortgage credit institutes</b> |              |          |        |      |
| After 5 years                             | 596          | 0        |        |      |
| Between 1 and 5 years                     | 1.863        | 0        |        |      |
| Long-term share                           | 2.459        | 0        |        |      |
| Within 1 year                             | 457          | 0        |        |      |
|   | <b>2.916</b> | <b>0</b> |        |      |

**12 OTHER PAYABLES**

|                   |               |              |               |              |
|-------------------|---------------|--------------|---------------|--------------|
| Deposits received | 5.779         | 4.639        | 5.779         | 4.639        |
| Staff obligations | 3.820         | 2.933        | 4.480         | 2.933        |
| Public debt       | 9.088         | 778          | 9.088         | 778          |
|                   | <b>18.687</b> | <b>8.350</b> | <b>19.347</b> | <b>8.350</b> |

**13 SECURITY AND OTHER FINANCIAL OBLIGATIONS**

|   | <b>GROUP</b> |        | <b>PARENT</b> |        |
|---|--------------|--------|---------------|--------|
| EUR '000  | 2012         | 2011   | 2012          | 2011   |
| <b>Guarantees</b>   |              |        |               |        |
| As security for trade with customers and suppliers, the Company's banks have provided guarantees which at the balance sheet date amounted to            | 96.625       | 60.871 | 76.642        | 60.871 |
| <b>Security</b>   |              |        |               |        |
| The following assets have been placed as security for mortgage credit institutes:   |              |        |               |        |
| Buildings with a carrying amount of   | 992          | 0      | 0             | 0      |
| Other fixtures, fittings, tools and equipment   | 3.284        | 0      | 0             | 0      |
| The following assets have been placed as security for banks:  |              |        |               |        |
| Mortgages registered to the mortgagor totalling DKK 4,000k, security in buildings and other property, plant and equipment at a total carrying amount of | 4.276        | 0      | 0             | 0      |
| The following assets have been placed as security for guarantee limit in banks:   |              |        |               |        |
| Securities account with a carrying amount of  | 21.729       | 9.678  | 21.729        | 9.678  |
| Cash and cash equivalents with a carrying amount of   | 8.054        | 3.631  | 2.613         | 3.631  |
| <b>Other financial obligations</b>  |              |        |               |        |
| Towards banks of subsidiaries, the Company has provided a guarantee in respect of all outstanding accounts.   |              |        |               |        |
| At the balance sheet date, the guarantee amounts to   | 0            | 0      | 0             | 509    |
| The Company has entered into contracts on leases with a period of non-terminability of up to 43 months.   |              |        |               |        |
| The annual lease payment at the balance sheet date amounted to  | 674          | 509    | 674           | 509    |

At the balance sheet date, the Company has no other financial obligations.



## 14 OWNERSHIP AND RELATED PARTIES

### Control

Lind Invest ApS (Parent Company)

The Company is included in the Consolidated Financial Statements of the Parent Company.

The Group Report of Lind Invest ApS can be obtained at the following address:

Værkmestergade 25, 14., 8000 Aarhus C

### Other 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.

### 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, Værkmestergade 25, 14., DK-8000 Aarhus C

Danske Share ApS, Værkmestergade 25, 14., DK-8000 Aarhus C

Danske Share II ApS, Værkmestergade 25, 14., DK-8000 Aarhus C

Nordal Clausen Holding ApS, Gammel Hareskovvej 330, DK-3500 Værløse

| EUR '000   | GROUP         |              |
|--|---------------|--------------|
|  | 2012          | 2011         |
| <b>15 CASH FLOW STATEMENT - ADJUSTMENTS</b>                                    |               |              |
| Financial income   | -2.525        | -733         |
| Financial expenses   | 362           | 1.619        |
| Amortisation, depreciation and impairment losses incl losses and gains on sale | 1.121         | 113          |
| Tax on profit/loss for the year  | 9.477         | 5.616        |
| Exchange adjustments   | -194          | 126          |
|  | <b>8.241</b>  | <b>6.741</b> |
| <b>16 CASH FLOW STATEMENT - CHANGE IN WORKING CAPITAL</b>                      |               |              |
| Change in inventories  | -2.676        | -2.144       |
| Change in receivables  | -25.172       | -5.669       |
| Change in suppliers etc  | 39.062        | 6.980        |
|  | <b>11.214</b> | <b>-833</b>  |

## 17 ACCOUNTING POLICIES

### Basis of Preparation

The Annual Report of Danske Commodities A/S for 2012 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 2012 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.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Danske Commodities A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or otherwise exercises control.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line 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. Derivative financial instruments with positive fair values are offset against derivative financial instruments with negative fair values when settled on a net basis.

Contracts for the delivery of electricity are classified as derivative financial instruments when there is a practice of net settlement in respect of similar contracts, including saleback before delivery.

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 are recognised in the income statement as are any changes in the fair value of the hedged asset related to the hedged risk. Fair value hedging comprises binding contracts concerning the delivery of electricity at a fixed price. The hedged fixed-price contracts are thus recognised at the accumulated change in the fair values of the contracts occurring since the time when the contracts were hedged. Positive and negative values of hedged fixed-price contracts are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of 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.

### **Income Statement**

#### **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; and
- a binding sales agreement has been made; and
- 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 adjustment 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.

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

The Parent Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation 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**

Intangible assets are measured at cost less 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 straight-line basis over the expected useful lives of the assets, which are:

|                        |           |
|------------------------|-----------|
| Software               | 3-5 years |
| Co <sub>2</sub> quotas | 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 straight-line basis over the expected useful lives of the assets, which are:

|  |            |
|--|------------|
| Land and buildings                               | 15 years   |
| Other fixtures and fittings, tools and equipment | 3-15 years |
| Leasehold improvements                           | 3-5 years  |

#### 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 dividends distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

#### Inventories

Inventories are measured at the lower of cost according to weighted average 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 the cost of acquisition.

#### 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 Management 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 carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off 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 set-off 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 Group'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 Group's cash and cash equivalents at the beginning and end of the year.

**Cash flows from operating activities**

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term 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 long-term 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 short-term securities that can readily be turned into cash.

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

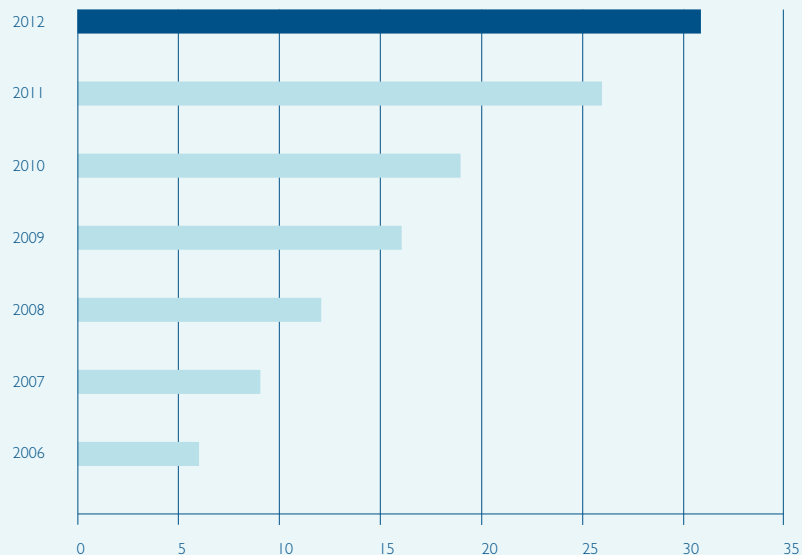
**Explanation of financial ratios**

|                  |   |   |
|------------------|---|---|
| Gross margin     | = | $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$                   |
| Profit margin    | = | $\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$       |
| Return on assets | = | $\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$  |
| Solvency ratio   | = | $\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$        |
| Return on equity | = | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$ |

**Language**

The report has been prepared in Danish and in English. In the event of any discrepancies between the Danish and the English reports, the Danish version shall prevail.

# International growth



# 31

Countries in Europe

## COUNTRY OVERVIEW

### 2004

Denmark  
Germany  
Netherlands

### 2006

France  
Italy  
Spain

### 2007

Austria  
Switzerland  
Czech Republic

### 2008

Belgium  
Greece  
Slovenia

### 2009

United Kingdom  
Norway  
Sweden  
Finland

### 2010

Estonia  
Poland  
Hungary

### 2011

Romania  
Serbia  
Bulgaria  
Slovakia  
Macedonia  
Portugal  
Croatia  
Montenegro

### 2012

Turkey  
Albania  
Lithuania  
Ireland

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Ineo Designlab®

**PRINT**  
We Produce

**PHOTOGRAPHER**  
Lene Samø

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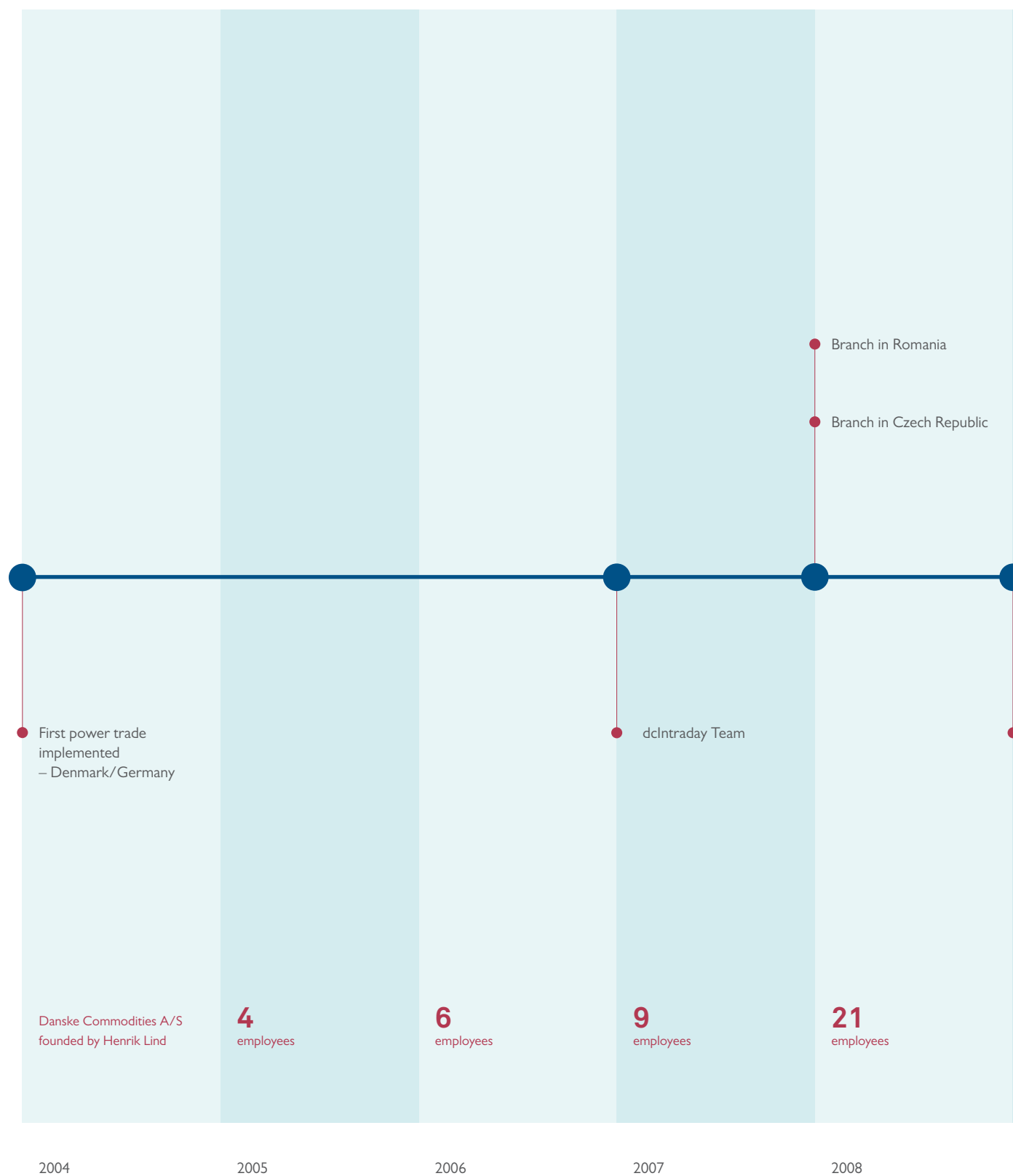
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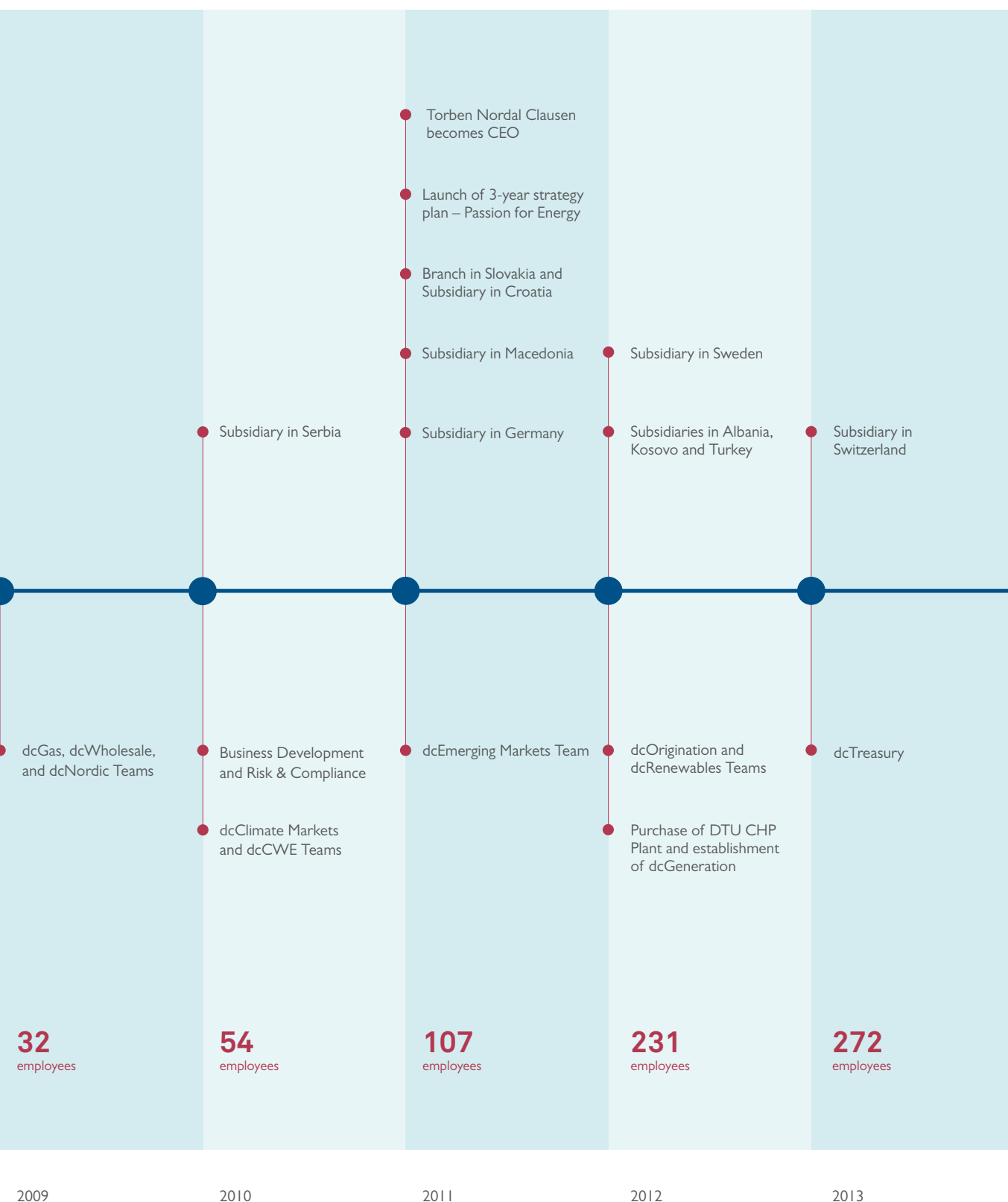
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# Company Milestones





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