Danske Commodities

MORE passion for energy

Danske Commodities
Annual Report 2013

2013 WAS OUR STRONGEST YEAR TO DATE

We combined solid financial results and successful investments to develop our position as a leading provider of energy-related solutions.

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OUR CORE STRENGTHS

- Extensive market knowledge
- European distribution network in 33 countries
- Flexible business model – customer focused
- Strong financial track record and positive cash balance
- Strong execution culture – we do what it takes

10 years
of experience

Danske Commodities A/S founded by Henrik Lind in
2004

dc rings the Opening Bell at NASDAQ Stock Exchange in New York.

OUR BUSINESS AREAS

POWER
We trade electricity with utilities, end-suppliers and other trading houses. Our trading know-how enables us to provide expert services in asset management, VPP operations, consumption management and regulatory power, and to ensure competitive prices and reliable delivery.

GAS
With a bilateral network of over 100 trading partners, we buy and sell gas night and day, all year round and help our customers to benefit from the potentials of the market without compromising on security of supply.

2013 IN FIGURES

REVENUE
EURm

1,932

+ 54%

EBT
EURm

44

+ 14%

EQUITY
EURm

75

+ 14%

CASH & CASH EQUIVALENTS
EURm

89

+ 17%

DAYS WITH PROFIT

337

- 1%

NUMBER OF CUSTOMERS

550

+ 70%

DC AWARDED IN 2013

- dc wins Innovation Category at national EY Entrepreneur of the Year
- dc earns Danish export award

SERVICES
We combine knowledge from the European energy markets with real technical knowhow to provide value adding, flexible solutions to operators of power generating systems.

CERTIFICATES
We provide access to most certificates in Europe, and our products include swaps, spot trading and forward trading.

PROVIDING FLEXIBILITY AND INNOVATION IN VOLATILE ENERGY MARKETS

I am very pleased to report another excellent year for Danske Commodities – a year of strong growth and significant progress on our journey to become the most value-adding, flexible and innovative energy and service provider in Europe.

2013 marked a new high for Danske Commodities, and our financial results were the strongest to date. Revenue grew by 54%, and we delivered EUR 41 million EBIT, up 13% over the last year.

It was a year of major investment in business development as we entered new markets and developed new services and products. We added two new markets, in Kosovo and Bosinia and Herzegovinia, expanded our sales office in Hamburg (Germany) and grew our presence in Turkey. We are now active in 33 countries and present with offices in seven countries. This number will continue to climb in our constant quest to move closer to our customers and markets.

We also made significant investments in the capabilities of our people, IT systems and new software were developed with the total IT investment amounting to EUR 15 million. All investments made in 2013 were 100% self-financed and yet we generated a cash flow from operations of EUR 40 million.

In 2013, we strengthened our risk management framework, including enhancements to operational and IT risk management, which have improved the resilience of our operations. We also prepared for the implementation of the Wholesale Energy Market Integrity and Transparency (REMIT) regulation and achieved compliance with the European Market Infrastructure Regulation (EMIR) in January 2014.

GETTING MORE OUT OF WHAT WE HAVE

The record financial result in 2013 was made possible by our Passion for Energy strategy initiated three years ago, which set Danske Commodities on a journey of planned growth. The strategy capitalised on our expertise in short-term energy trading as the transformation of the energy markets accelerated through liberalisation and the growth of renewable energy increasing the volatility. It is now time to take a look at the next 3 years.

Our key expertise lies in turning data into knowledge – and in turning knowledge into value-creation through tailor-made services for our customers. Energy producers and consumers are seeking solutions that manage volatility. Demand for our products and services connecting customers to opportunities in the European energy markets will continue to grow.

The energy markets are changing, and so are we. Through our new three-year growth strategy, More Passion for Energy, we aim to get more out of what we have. We will consolidate our organisation and capitalise on the investments we have made. At the same time we will continue to grow our business by providing knowledge and flexibility to our customers and markets.

UNIQUE ENTREPRENEURIAL SPIRIT

Our real innovation success is our ability to respond quickly to opportunities in the changing European energy markets. Our flexibility and our constant aim to be among the first to enter new market segments and geographies are some of the unique features of Danske Commodities that set us ahead in the market. Going forward we will continue to apply speed and flexibility in everything we do.

Last but not least, we will maintain our strong values and invest in training, ensuring that our people will continue to be able and willing to go the extra mile and do what it takes. We aim to be one of the best organisations to work for in Europe.

In that connection, I am very proud of the recognition, we have received in 2013. In the beginning of the year, we were invited to ring the Opening Bell at NASDAQ OMX in New York. In addition Danske Commodities was selected as one of Denmark's leading exporters in the "Danmarks Eksportkanon" award held by the Danish government. At the end of the year we also won the innovation category at the Danish EY, Earnst & Young, Entrepreneur of the Year Awards.

LOOKING INTO THE FUTURE

Looking at the changes occurring in the European energy markets, I have strong expectations that the coming years will hold significant opportunities for Danske Commodities. We have the ability to offer flexibility and innovation to our customers.

The combination of our market position, our strong financial position and not least our strong team of talented and innovative people, makes me confident that Danske Commodities is very well positioned for the future.

Our journey has just begun.

Torben Nordal Clausen, CEO

"Energy producers and consumers seek solutions to manage volatility. We simply turn volatility into opportunities for our customers."

Torben Nordal Clausen, CEO

FINANCIAL HIGHLIGHTS
AND RATIOS

EUR '000	2013	2012	2011	2010	2009
INCOME STATEMENT					
Revenue	1,932,041	1,252,690	817,978	397,726	286,937
Gross profit	91,854	62,220	35,953	25,210	29,026
Profit before financial income and expenses and tax (EBIT)	41,333	36,560	22,980	15,707	21,776
Net financials	2,803	2,163	-886	1,251	8,437
Profit before tax (EBT)	44,136	38,723	22,094	16,958	30,212
Profit for the year	32,633	29,246	16,478	11,270	24,776
BALANCE SHEET					
Balance sheet total	206,646	167,059	103,431	86,358	61,910
Equity	74,549	65,415	48,709	39,624	38,493
CASH FLOW STATEMENT					
Cash flow from operating activities	40,119	44,399	17,590	25,312	8,939
Cash flow from investing activities	-5,722	-10,534	-1,522	-296	-45
- hereof investments in property, plant and equipment	-2,657	-6,611	-259	-124	-25
Free cash flow	34,397	33,865	16,068	25,016	8,894
Cash flow from financing activities	-24,638	-9,412	-7,516	148	-16,167
Change in cash and cash equivalents for the year	9,759	24,453	8,552	25,164	-7,273
Cash and cash equivalents	89,332	76,374	49,986	42,099	19,029
RATIOS IN %					
Gross margin	4.8%	5.0%	4.4%	6.3%	10.1%
EBIT margin	2.1%	2.9%	2.8%	3.9%	7.6%
Return on assets	20.0%	21.9%	22.2%	18.2%	40.6%
Return on capital employed	59.7%	61.8%	51.6%	42.7%	84.6%
Solvency ratio	36.1%	39.2%	47.1%	45.9%	62.2%
Return on equity	46.6%	51.3%	37.3%	28.9%	80.5%
Average number of employees	279	149	72	36	25
Number of employees end of year	423	231	107	54	32

The ratios have been prepared in accordance with the guidelines from Den Danske Finansanalytikerforening (The Danish Society of Financial Analysts) Recommendations and Financial ratios 2010 and definitions in note 17 accounting policies.

HIGHLIGHTS OF THE YEAR

Danske Commodities achieved its strongest year ever in 2013, lifting revenue by 54% to EUR 1,932 million and EBIT by 13% to EUR 41 million.

Gross profit in 2013 was EUR 92 million, an increase of 48% compared to 2012. The gross margin was 4.8% in 2013 (2012: 5.0%).

EBIT was up by 13% to EUR 41 million in 2013 and the EBIT margin was 2.1% (2012: 2.9%).

Throughout the year Danske Commodities made significant investments in People and Systems. Headcount was increased to 423 year end and EUR 15 million was spent on new IT systems and software.

Profit before tax for 2013 was EUR 44 million, an improvement of 14% compared to 2012.

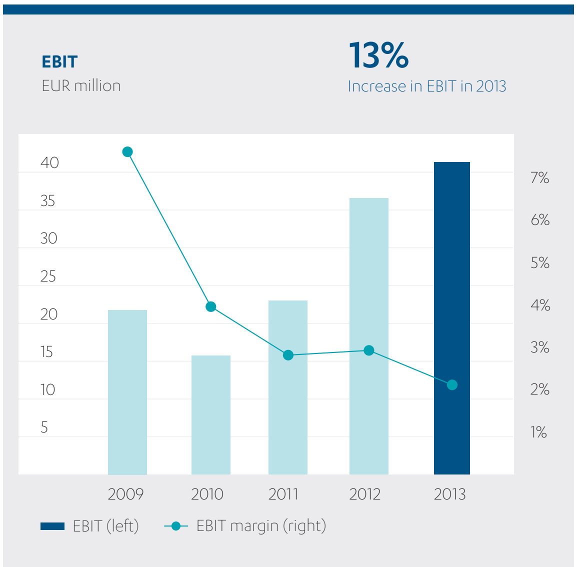
Equity represented EUR 75 million at 31 December 2013 against EUR 65 million in 2012. Return on equity for 2013 was 47% and the solvency ratio was 36%.

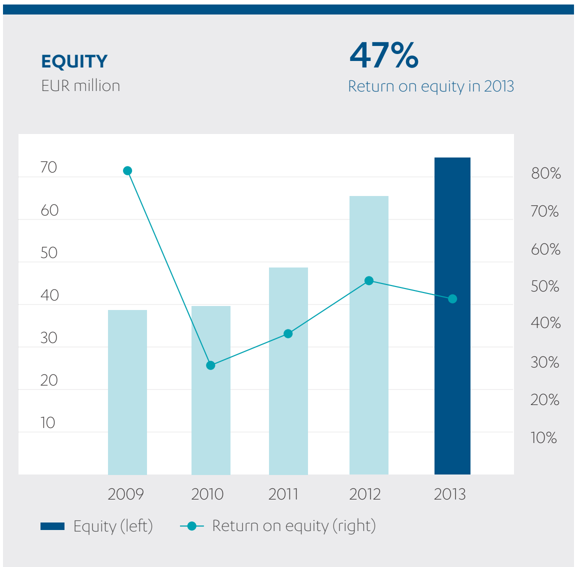
The free cash flow was EUR 34 million at 31 December 2013. Including value adjustments the cash flow was up by EUR 13 million, bringing a total cash and cash equivalents to EUR 89 million compared to EUR 76 million at 31 December 2012.

With strong focus on our earnings we expect the positive financial performance to continue in 2014.

MAJOR EVENTS IN 2013

- Established two new active subsidiaries in Eastern Europe, in Kosovo and in Bosnia and Herzegovina.
- Solid increase in new customer contracts in all four business areas – Power, Gas, Certificates and Services.
- Many new services were successfully introduced, including storage and asset management optimisation.
- Expanded the head office facility areas with very attractive working environments.
- Listed among top 30 exporters in "Danmarks Eksportkanon".
- Won the innovation category at the Danish EY Entrepreneur of the Year Awards.
- Invited to ring the Opening Bell at NASDAQ Stock Exchange in New York.





"Our Passion for Energy strategy puts emphasis on Danske Commodities as a people driven business. Our strong financial result is the outcome of the knowledge and innovation power of our highly skilled and hard-working people."

MORE PASSION
FOR ENERGY

Danske Commodities' new three-year strategy "More Passion for Energy" focuses on strengthening the company's long-term strategic position by increasing customer-related activities, achieving more in markets we already operate in, and doing more with our people and systems - all at lower marginal cost.

Three years ago, Danske Commodities embarked on an ambitious growth strategy, "Passion for Energy", which focused on building our business, our people and our systems.

The scale of transformation at Danske Commodities since then has been significant. More than 350 people have joined the company since 2011, we have built a market presence in 33 countries across Europe and revenue has more than doubled from EUR 818 million in 2011 to EUR 1,932 million in 2013.

During that time, Danske Commodities has evolved from a highly specialised day-ahead trading company into a leading provider of energy-related solutions and services, building upon our expertise and growing market share in European power, gas and climate certificate trading.

We have achieved a significant market share in a number of key areas, and we are today one of the largest single provider of daily liquidity on the EPEX Intraday platform in Germany, the most liquid intraday power trading market in Europe. In renewable energy, we manage a portfolio of more than 3.5 GW of renewable energy assets in Europe and are a leading independent provider of Direktvermarktung in Germany.

The three year strategy "More Passion for Energy" seeks to build on this success by increasing customer-related activity by providing a number of strategic benefits, including: increasing flow from accreditation to trading teams; capturing synergies and achieving portfolio effects; generating a more stable revenue profile and providing support for margins.

Danske Commodities seeks to achieve this growth at a lower marginal cost, by getting more out of the markets, we already operate in, by providing more solutions to customers and by doing more with current people and systems.

OPPORTUNITIES IN THE EUROPEAN ENERGY MARKET

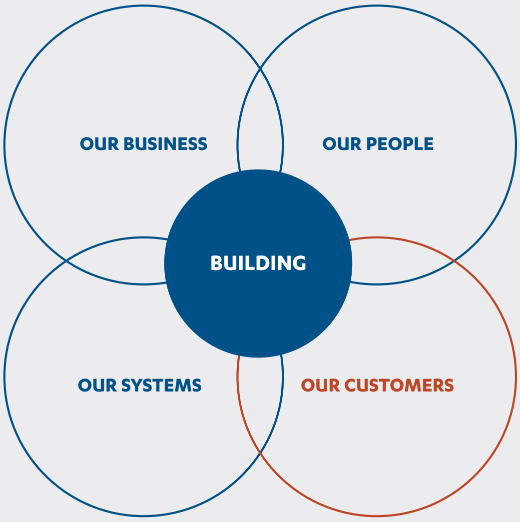
We believe the European energy market holds significant, unexploited potential. The key market driver is the increase of renewables in the power generation mix in Europe which grew by 39% to 117 TWh from 2010 to 2013.

Due to the weather-driven nature of renewable energy, its growth has led to a significant rise in price volatility. As a result, it has become increasingly difficult for power producers – traditional and renewable – to schedule and optimise their production, since they must constantly adjust to price fluctuations in the market.

This is a key entry point for Danske Commodities to use its knowledge and flexibility to connect energy production and consumption to opportunities in the European energy markets.

THE OVERALL THEMES FOR OUR STRATEGY ARE:

- to provide **knowledge** and **flexibility** to the volatile markets
- to do **more** business at lower marginal cost
- to generate **more** value for our customers – and increase our market share
- to get **more** out of the people and systems we have
- to provide **more** services and solutions to **more** customers
- to do things as simple and effectively as possible



MORE PASSION FOR ENERGY
- The "More Passion for Energy" 2014-2016 strategy is a natural continuation of "Passion for Energy" 2010-2013.
- Danske Commodities is now ready to expand the strategic focus to include much more customer-driven business in the future.

In particular, we see opportunities over the next three years in:
- Working with power production plants to optimise their power production and achieve best market prices.
- Acting as a balance responsible party to minimise imbalance costs.
- Providing market access and around-the-clock availability to always ensure our customers the best price available.
- Offering financial hedging solutions to stabilise customers' cash flows and reduce market risk.
- Accrediting renewable units and trading green certificates through our strong European distribution network.

FOUR STRATEGIC AREAS

In practice, our strategy builds on four strategic areas: Building our business, our people, our systems and our customers.

Importantly, it maintains the flexible approach that has allowed Danske Commodities to respond quickly to market and regulatory developments – the strategy is not carved in stone.

1) BUILDING OUR BUSINESS

Danske Commodities' growth during the last three years has been driven by the addition of new teams and products as well as expanding our geographical scope. We have added 14 new markets since 2011, firmly establishing Danske Commodities at the forefront of energy market liberalisation in Europe.

Although we will continue to add new markets, our focus will pivot to increasing our share in key markets, expanding the coverage of our products and services across the markets we operate in and developing new solutions that match market-specific requirements.

Our four business areas and 11 business teams cover more than 50 products within gas, power, certificates and related services. By combining the expertise of the individual business teams, we encompass a broad range of customised solutions within areas such as production optimisation, consumption balance management and accreditation of power produced by renewable energy sources.

As price volatility continues to rise, we expect a growing market need for specialised knowledge and trading capabilities – demand which we aim to meet.

2) BUILDING OUR PEOPLE

Our most important asset is our employees, and attracting developing and retaining talented people are critical success factors for our company's continued success. More than half of our people have completed a Master's degree and there are over 29 nationalities represented in Danske Commodities.

Between 2011 and 2013, 316 people joined Danske Commodities to support the growth in our trading teams and the demand for more resources and expertise in our IT, risk management and finance capabilities. This was achieved through a dedicated employer branding strategy which we will expand to support our recruitment requirements, and position Danske Commodities as an attractive workplace in Denmark and in other key markets.

Diversity has an important focus area in our recruitment strategy. The result has been a more balanced staff with both young- and experienced ideas, a balanced gender distribution and a number of employees with similar international background as our customers. We have made a considerable investment in training and coaching programmes to integrate new employees in our organisation and to enhance management skills.

This effort will continue as a long-term approach to ensure we have the right skills and expertise at both individual and team level.

Flexibility and responsibility are among the key values that define the open and innovative corporate culture at Danske Commodities. We will continue to support our people in conceiving ideas which can be developed into new services, solutions and business areas to support our growth.

3) BUILDING OUR SYSTEMS

Danske Commodities' competitive advantage relies on our market insights, which stem from the availability and interpretation of market data. Since 2011, we have invested significantly in the IT systems and infrastructure that support this advantage. During that period, the number of people in our IT team has grown to 115, representing almost one-third of all employees.

Scalability is the key strategic focus area for enabling continued growth and ensuring that we can do more business at a lower cost.

We aim to develop world-class software that is flexible and can scale to match the demands of the European energy markets. Our IT infrastructure will be continually redesigned to support the high performance demands of the business and reduce complexity.

We will continue to invest in systems and IT that support our ability to transform data to knowledge and into business, and to provide our customers with faster, flexible and value-adding solutions.

4) BUILDING OUR CUSTOMERS

Over the last three years, we have increased our portfolio of customers to more than 550, which range from trading customers to production sites. This diversified and more comprehensive business base serves to reduce our overall risk profile.

To support the increase in customer related activities we will build a world-class sales capability to complement our existing excellence in trading. In 2013, we established a dedicated sales organisation that will fuel our trading engine and create value for our customers.

Regardless of the nature of the product or service that we offer, we believe that value-adding win-win solutions represent the only viable way to create sustainable customer relationships.

> "We create value for our customers and energy market participants by connecting them to our data and trading expertise to deliver better market prices, lower imbalance costs and reduced market risk."

There are several strategic advantages of adding more customer-infused business, yet the most prominent of them all is our proven ability to create value for asset owners, energy market participants and large industrial companies. This provides a competitive advantage – building on IT will improve the robustness of our business and allow Danske Commodities to continue it's growth momentum into the future.

VALUE CHAIN

"Having worked with DTU Combined Heat and Power Plant for less than two years, we are only at the beginning of the journey. Together, we have carried through a number of improvements. In the future we will continue to release synergies across the dc value chain representing an even greater potential"

Jakob Bendixen, Head of Generation at Danske Commodities

RELEASING THE SYNERGIES WITH THE DTU COMBINED HEAT AND POWER PLANT

On a daily basis, teams from across Danske Commodities work with the DTU Combined Heat and Power Plant in Lyngby, north of Copenhagen, combining knowledge and data from the European energy markets with real technical know-how.

Purchased by Danske Commodities in April 2012, the DTU Combined Heat and Power Plant has a capacity of 32 MJ/s of heat and 38 MW of electricity. DTU Combined Heat and Power Plant was put into operation in 1998 and consists of a gas-fired combined-cycle power plant with both gas and steam turbine. The plant is the main supplier of heating to the Technical University of Denmark (DTU) and Holte District Heating, providing heat to 9,000 households and electricity to approximately 40,000 households.

Danske Commodities has implemented a number of improvements at DTU Combined Heat and Power Plant, including a daily report which provides transparency on bottom-line performance, IT upgrades which improved the plant's production planning tools, and energy efficiency programmes.

The plant is continuously optimized for flexibility, providing it with access to new sources of revenue in the European energy markets, reducing imbalances, energy enabling savings and CO2 reductions.

www.dtukvv.dk

DANSKE COMMODITIES' BACKBONE
POWER, GAS, CERTIFICATES AND SERVICES

Danske Commodities is a pan-European energy trading company providing customers with a wide range of energy trading-related services such as asset consumption, balancing and risk management – often via customer-tailored products.

Activity increased across all business areas at Danske Commodities in 2013. To keep pace with the increased activity and ensure high levels of service, Danske Commodities expanded its headcount considerably across the four business areas.

Measured in MWh, the combined traded volume of power and gas rose by almost 50%. The number of customers and counterparties also increased - up 70% in 2013.

dcCertificates and dcServices more than doubled their costumer base through a dedicated focus on developing new products relevant to customers.

30+
countries in Europe

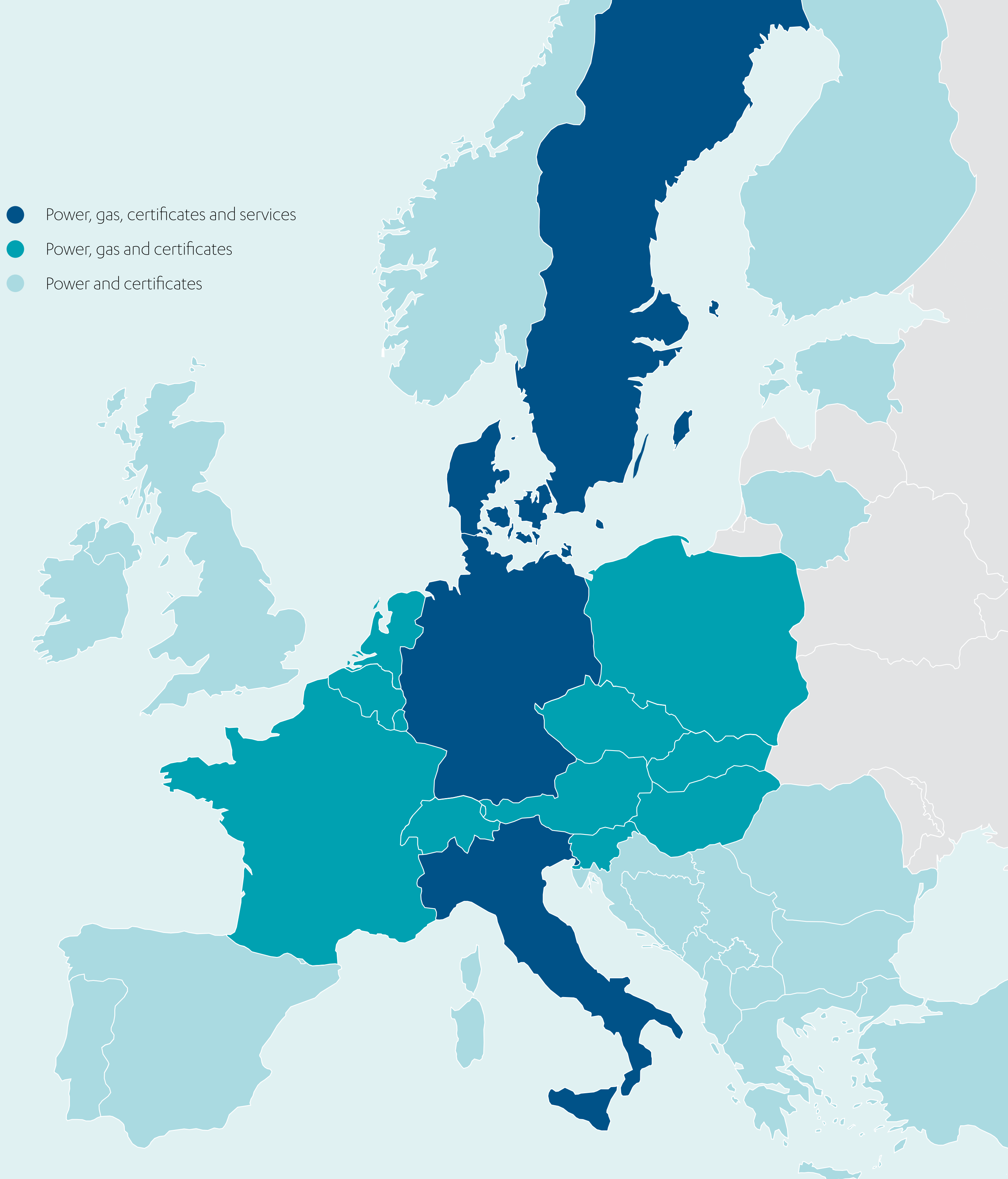
2013
+70%
550 active customers

24/7
trading

2012
325
active customers

BUSINESS FOUNDATION

POWER	GAS	CERTIFICATES	SERVICES
dcCentral Western Europe dcEmerging Markets dcNordic dcIntraday	dcGas	dcClimate dcAccreditation	dcWholesale dcRenewables dcGeneration dcOptions



dc Products

POWER

- 24/7 trading
- Intraday trading
- Cross-border trading
- Market access concepts
- Profile pricing
- Power Purchase Agreements
- Dynamic Asset Management

GAS

- 24/7 trading
- Market access services
- Asset optimisation of storage and transport capacities
- Structured products

CERTIFICATES

- LEC and El-certificates services
- Carbon and certificates
- Accreditation services
- Guarantee of Origin (GOs)

SERVICES

- Power production optimisation
- Consumption balance handling

POWER

With market share gained and solid growth in trading volumes, Danske Commodities strengthened its position as a leading European power trader and service provider in 2013.

In 2013, the power trading teams at Danske Commodities invested in staff to prepare for future growth. The power trading teams significantly expanded their range of products and services for customers, while at the same time extending their capabilities in cross-border trading and emerging markets.

The Power business, consisting of dcCentral Western Europe, dcEmerging Markets, dcNordic and dcIntraday, operates in 33 markets. The teams trade power and provide services and solutions to counterparties and customers that include power plants, utilities, trading houses, large suppliers and industrial groups.

The Power teams have 69 traders focused on power trading. The teams use knowledge and data from the European energy markets to help customers manage volatility through optimisation, identifying and utilising flexibility and providing 24/7 trading availability. Products and services include dynamic asset management for production and consumption, Virtual Power Plant auctions and consumption balancing.

The Power teams grew their trading volumes by 30% in 2013, reflecting an increase in customer-driven activity, a higher than usual demand in the European winter which extended into April, and an overall increase in short-term trading in European power markets.

Internationalisation continued with trading initiated in three new markets: Albania, Kosovo and Bosnia, extending Danske Commodities' pan-European network and reinforcing our position as a trusted partner in emerging markets.
The Power teams have a network of over 550 counterparties, which allows access to more competitive prices. Danske Commodities is now a significant provider of liquidity to European intraday markets.

2013 HIGHLIGHTS

- Participated in the first auction of physical transmission rights between DK2 (East Denmark) and Germany, which opened the door to more liquidity to the market.
- Dynamic asset management introduced to the German and Danish markets.
- Consumption balancing product developed for large industrial groups.
- Market access concept developed for dcCentral Western Europe and dcEmerging Market customers.
- Expanded German sales team domiciled in Hamburg office to be closer to the market.
- Trading activities expanded to three new markets – Albania, Kosovo and Bosnia.
- Gained market share in Central and Southeast Europe, particularly in cross-border trading.
- Preparation for Remit, the Regulation on Energy market Integrity and Transparency.

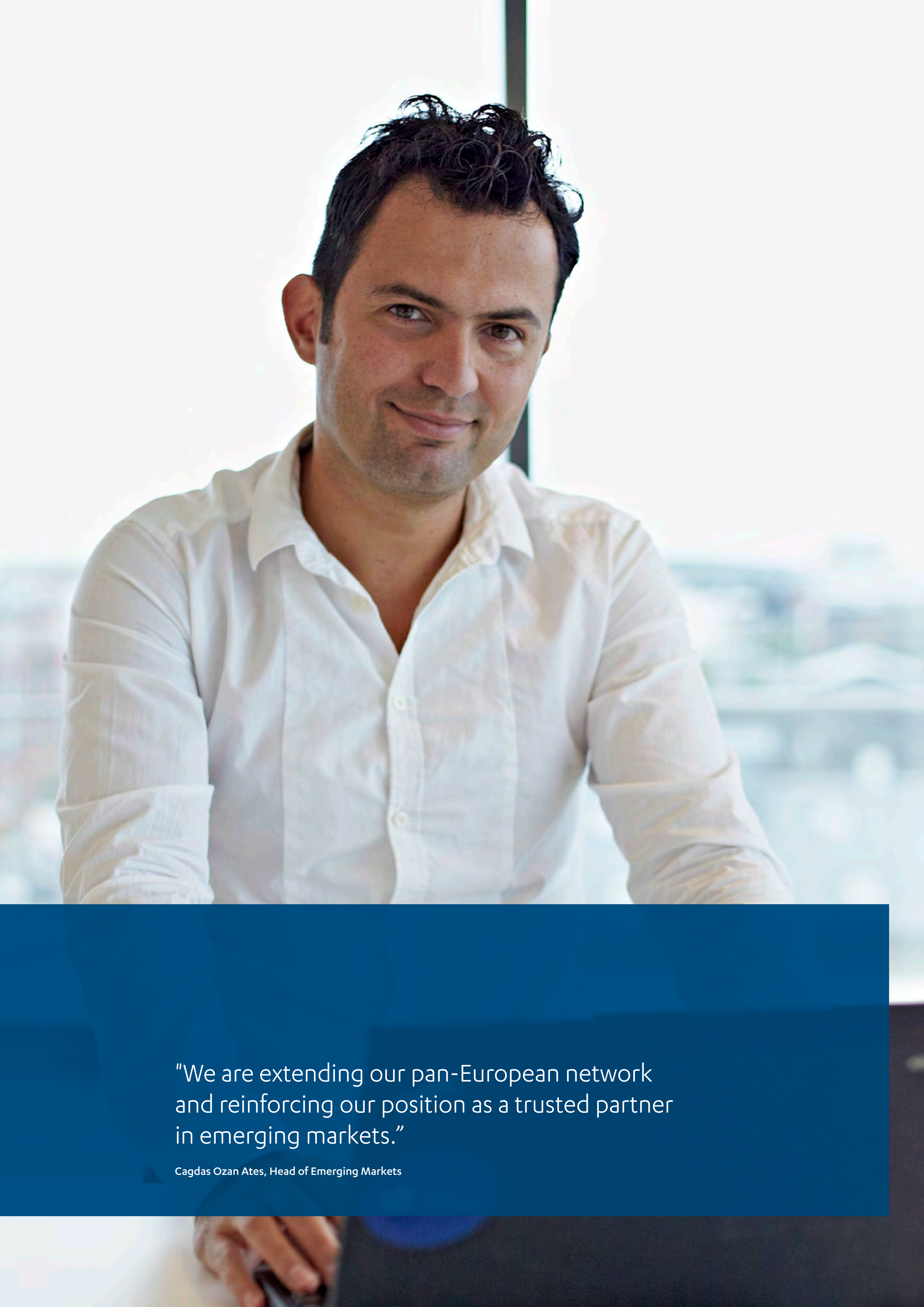
2013 increase in trading volume

+30%

in MWh traded

69 employees

+41% increase in 2013



"We are extending our pan-European network and reinforcing our position as a trusted partner in emerging markets."

Cagdas Ozan Ates, Head of Emerging Markets

GAS

New products, a wider range of services and entry into new markets shaped 2013 for Danske Commodities' Gas business.

In 2013 dcGas experienced another year of strong growth, as traded volumes were up 65% compared to 2012. And the customer base grew by 42%.

The industry-wide shift from long to short-term contracts was one of the key drivers of this growth, with producers, traders and local suppliers seeking solutions to manage risk and volatility.

To meet the demand, dcGas broadened its range of services, including successful launch of storage and asset optimisation solutions. The team also expanded its headcount to 15 employees.

Today, dcGas is a strong player in the short term market trading the curve from intra-day to one year ahead. One of the key competencies of dcGas in this market is to facilitate gas being moved from low price areas to high price areas. Due to its capabilities in the short-term markets, dcGas has become an attractive counterparty and now has a bilateral network of more than 125 trading partners. The dcGas trading team specialises in transport optimisation and storage capacities, leveraging on their extensive expert knowledge about what it takes to trade gas.

The dcGas provides 24/7 market access on all hubs in 12 countries, including illiquid market areas. The team trades physical and financial products, optimises transport capacities and gas storage and provides customers with structured products including swing supply, fixed supply and market access solutions.

In 2013, dcGas enhanced its custom designed IT solutions, such as dcConnect to capture and nominate the increasing number of gas trades. dcGas has developed dcTradespot which provides easy access for our customers to purchase gas on an indexed price.

2013 HIGHLIGHTS

- Growth in short-term trading, activity level more than doubled.
- Successful launch of storage optimisation services.
- Introduction of dcTradespot trading software.
- Entered the Italian market as a recognised market player
- Trading & operations set-up with 24/7 presence strengthened.
- First trades in Poland and Hungary.
- Expanded presence from nine to 12 countries.

2013 increase in traded volume

+60%

in MWh traded

15 employees

+ 36% increase in 2013

"With our extensive experience in optimising storage and transport capacities in the short term markets, we're helping change the way gas is bought and sold in Europe."

Jesper Tronborg, Head of Gas

CERTIFICATES

The phase 3 roll-out of the European Trading System ensured growing demand for trading and accreditation services in the Certificates business of Danske Commodities.

The two teams in the Certificates business of Danske Commodities, dcAccreditation and dcClimate Markets, saw very strong growth in 2013 as phase 3 of the European ETS programme was introduced, creating additional demand for accreditation services and growth in the trading of climate certificates.

On the certification side, the dcAccreditation team handles the process for wind, waste, solar, biomass and hydro power producers. dcAccreditation manages the process end-to-end allowing producers to avoid the administrative workload and receive subsidies due to certification.

The team assists customers in navigating the certification process with up-to-date advice on the fast-changing regulatory environment. dcAccreditation is a leader in LEC accreditation and during 2013 expanded the volume of accredited producers from 500 MW to 3,000 MW and increased the number of markets it provides services in. dcAccreditation has completed 60% of the LEC accreditations made outside the UK the past two years.

On the trading side, the dcClimate Markets team provides competitive pricing and access to most "green" certificate markets in Europe, including LECs, El-certificates, GOs and Carbon. The team offers a wide and flexible variety of products - including swaps, spot and forward trading - for energy utilities, producers and compliance companies, including the aviation sector.

In carbon, the team trades products such as EUAs, CERs and ERUs on exchanges, and GOs bilaterally with customers. dcClimate Markets is a leading supplier of LECs to the UK market. Our control of the entire value chain from origination with dcAccreditation until delivery at UK energy utilities allows customers to get stable "green" solutions while enjoying lower prices and greater margins.

In 2013, dcClimate Markets entered the market for El-certificates in Sweden and Norway, offering wind farms, energy traders and utilities a guaranteed off-take of their certificates at a competitive price.

2013 HIGHLIGHTS

- Accredited the two largest waste sites in Denmark; Vestforbrændingen and Assens Fjernvarme.
- Strong growth in traded volumes and 135% increase in counterparties for dcClimate Markets.
- Built position as leading supplier of LECs to the UK market.
- Entered the Swedish market for El-certificates, providing a range of products.
- 50% growth in trading volumes for aviation industry clients.
- First pricing on ROCs in the UK.
- Launch of a new trading platform; dcTrade, for small and medium-sized customers to plan their hedging strategy and keep up-to-date with positions in the market.

2013 increase

+135%

Counterparties

16 employees

+ 60% increase in 2013

"We offer up-to-date advice in the fast-changing regulatory environment of European certificate trading.”

Martin Unnerup, Head of Climate

SERVICES

The Services teams at Danske Commodities grew their customer base significantly, introduced new products and expanded sales teams as growth continued in 2013.

Growing complexity in the energy sector and increasing volatility in energy markets drove demand for the Services business in Danske Commodities in 2013, comprised of the dcRenewables, dcWholesale and dcGeneration teams.

dcServices entered two new markets in 2013, Italy and Sweden, and more than doubled the number of customers for consumption balancing products in Germany and Denmark.

dcRenewables, which offers Direktvermarktung in Germany and Power Purchasing Agreements in Sweden, significantly grew its market share to become one of the leading independent providers of Direktvermarktung. dcRenewables also expanded its physical presence in Germany and Sweden to be closer to customers, offering attractive solutions and strong customer service – from small farm-based producers with 250 KW of assets to the largest projects.

dcWholesale supports utilities and wind energy production customers with a wide range of customised power trading-related products and services – reinforced by strategic investment, portfolio and risk management consultancy. The team administers physical power trading, provides forecasts and manages consumption balance responsibility to drive down costs. They provide electricity suppliers with flexible portfolio management that minimises financial risk. In Denmark, dcWholesale manages a wind portfolio of 800 MW.

As well as providing power and district heating through the DTU CHP plant in Lyngby, north of Copenhagen, dcGeneration is unique in combining technical know-how with knowledge of European power markets. dcGeneration offers flexible production balance services to Danish power producers (with capacities exceeding 10 MW) and a wide range of additional features – including administrative, planning and technical support, financial advice, certification and 24/7 market coverage and trading.

2013 HIGHLIGHTS

- Grew the dcRenewables portfolio to over 3,500 MW across Europe and is now firmly positioned as a leading independent provider of Direktvermarktung in Germany.
- Expanded the dcRenewables sales team in Germany and Sweden to be closer to customers.
- Introduced remote controlling of wind and solar assets, increasing the opportunity to optimise production and shut down when market prices turn negative.
- dcWholesale introduced a quarter-hour consumption balancing product in Germany, one of the first of its kind.
- 54% increase in trade volumes on dcTrade Power, which gives electricity suppliers access to competitive fixed prices and spot with cap.
- dcGeneration significantly expanded its Power Balancing Area (PBA) contracts in Denmark.
- Established dcOptions to expand hedging solutions for power, gas and certificates.

2013 increase in Renewables' portfolio

3,500

MW across Europe

45 employees

+ 73% increase in 2013

"Everyone at Danske Commodities is responsible for delivering exceptional service - no exceptions."

Oliver Wolgast, CSO

"As the regulatory requirements and market complexity increase, our co-operation with Danske Commodities is even more crucial to us. Working with Danske Commodities, we are well positioned in the fast-growing European wind market."

Veit-Gunnar Schüttrumpf, Board of Management, Wind 7

PAVING THE WAY FOR THE FUTURE OF WIND POWER

The German company Wind 7 was one of the first participants in Direktvermarktung, which was introduced in January 2012 to allow renewable energy producers to sell power directly to the market. Now, they are paving the way with Danske Commodities to prepare for changes to Germany's energy legislation in 2014.

They operate 97 MW that is under dc's trading management.

Since 1 January 2012, Danske Commodities has bought the power generated from Wind 7's wind turbines. Danske Commodities also handles all contact with the German authorities, receives meter data from the German grid and takes care of settlement.

With revisions to Germany's Renewable Energies Act (EEG) expected in 2014, Danske Commodities is working closely with Wind 7 to ensure their customers and investors are well positioned for EEG 2.0 and prepared for a future of increasing responsibility as renewable energy grows to 40-45% of German energy production by 2025.

www.wind7.com

RESPONSIBILITY **CREATES VALUE**

At Danske Commodities, we believe that corporate social responsibility (CSR) is essential for long-term value creation.

In 2013, Danske Commodities integrated CSR further into the business by developing a dcCSR strategy which will be the guiding principle in 2014. A CSR Board was also established to develop Danske Commodities' CSR position in the coming years.

The dcCSR strategy divides the company's efforts into three areas: Environment, People, and Society.

1) ENVIRONMENT

Danske Commodities seeks to limit its environmental footprint to a minimum. Most of the company's carbon emissions are attributable to the consumption of electricity and heating at our headquarters in Aarhus and from our extensive use of IT equipment.

In 2012, we reached our overall target of lowering carbon emissions by 15% per employee, and in 2013 we set a new objective to lower our carbon emissions by a further 5% per employee in 2014.

5%

Reduction in carbon emissions per employee in 2014

We continued to reduce carbon emissions by focusing on initiatives in our day-to-day operations, including:

- Virtualising and consolidating services, a major source of IT-related energy consumption.
- Intelligent management of energy consumption associated with laptops that are in idle state.
- Implementation of a unified communication system to all dc people, providing an alternative to travelling and replacing hardware telephones with software.
- Building a culture where environmental considerations are given priority by dc people.

All emissions from our business operations in 2013 were offset through the purchase and cancellation of 316 tonnes of carbon credits in the voluntary credit market. As outlined in the dcCSR strategy for 2014, we will continue to implement energy saving initiatives relating to IT.

In addition to reducing CO2 emissions, we have also implemented initiatives to lower paper waste and we exclusively purchase Swan-labelled and FSC certified products in our procurement practices.

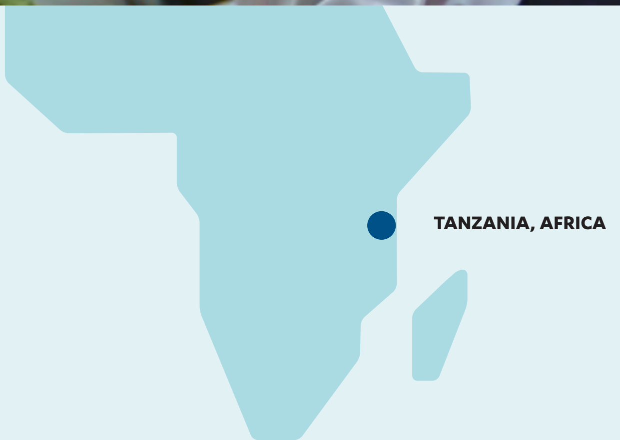
2) PEOPLE

People are Danske Commodities' greatest asset and as the company grows, we need to attract, develop and retain the best people. As a result, a strong focus is placed on providing the best possible working conditions for dc people.

We believe our people are capable of doing much more than they think they can and we provide them with challenges and responsibility that stretch them and support their development. Our people have a passion for their work which is reflected in the results of the annual dcPeople Survey measuring our people's perceptions of how well we live up to our values.

The result identifies areas where we can improve the engagement of our people. We follow up on the survey by developing action plans and reporting progress to Leadership.

"Danske Commodities believes that corporate social responsibility (CSR) is essential for long-term value creation. We want our CSR initiatives - based on our values - to make a difference."



PASSION FOR PEOPLE PROJECT
– PASSIONATE ABOUT MAKING A DIFFERENCE

In September, 15 dc people travelled to the Mwereni School for the Blind in Moshi Town, Tanzania, to officially open an 860 metres long security wall, funded by Danske Commodities through a donation of EUR 68,000. The wall provides protection for children who suffer from albinism or blindness, allowing them to stay in school and study in a safe environment. The wall also prevents theft of crops in the school's vegetable gardens which is a major source of food for students and their families.

Read more about our CSR efforts at danskecommodities.com /About/CSR.

600
kids protected by the wall

6 months
from donation until completion of wall

300 people
worked on the project

860
metres long

2.9
metres heigh

In 2013, the People Survey results showed a high level of engagement among dc people:

- An average score of 5.34 on a scale of 6 for the question "I enjoy working every day".
- An average score of 5.00 on a scale of 6 for the question "I feel successful in my job".
- dc people also rated the company's compliance with its corporate values at 5.1 on a scale of 6.

In 2014 Danske Commodities will aim to achieve similar strong results for the dcPeople survey and introduce a "Great place to work" survey to achieve a strong benchmark with other international companies.

Employee well-being is an important element in creating an attractive workplace and sickness absence was very low again in 2013, with an average of less than 3 days per employee.

Danske Commodities takes a dedicated, long-term approach to enabling our people to develop the right skills and expertise. In 2013, significant resources were invested to ensure effective induction and retention programmes are in place:

- A Chief People Officer has been employed.
- Further investment was made in Danske Commodities' in-house training programme, dcAcademy, which plays an important role in giving new employees a strong understanding of Danske Commodities' business and values.
- A Henley Business School programme was held on strategy-writing tools for Team Leaders.
- Team Leader Academy 2 was introduced to train advanced leadership skills.
- A People Management programme was introduced to train basic people manager skills.
- The dcGraduate programme was revised and enhanced to attract and develop the highest quality graduates.

Danske Commodities believes that a diverse and inclusive team of people will help us to make better connections with our customers and counterparties in more than 30 markets across Europe, and to make better decisions for our business. As of 31 December 2013, 29 nationalities were represented in the organisation.

Progress was made in gender balance from 2012, however, with women representing 34% of our workfoce and 12 % of our Team Leaders, our goal is to increase this rate. For further information about Danske Commodities' gender policy, please see the annual report of our parent company, Lind Invest.

3) SOCIETY

As a participant in the European energy market, Danske Commodities aims to take an active role in the communities in which we operate, locally as well as internationally.

At the international level, we aim to help our customers meet their climate targets and obligations by trading climate certificates and carbon quotas, and provide advisory services on accreditation for climate certificates to asset owners.

At the local level, and in connection with our extensive needs for recruiting highly qualified employees, we continued to support the education-to-employment pathway in Denmark. This included participating in career events and supporting the activities of student associations at universities in Aarhus and Copenhagen.

In 2013, we also continued the "Passion for People" project in Tanzania, which aims to improve conditions for the children at Mwereni School for the Blind in Moshi Town. Danske Commodities funded EUR 68,000 for the construction of a security wall surrounding the school to protect children who suffer from albinism and blindness. In September, a team of 15 dc people selected by a draw travelled to the school to officially open the wall. The team delivered a donation of EUR 12,000 collected among dc people to pay tuition for all 600 students for the 2014 school year and delivered 400kg of LEGO bricks sponsored by the LEGO Charity fund.

Danske Commodities will continue to build on this relationship to support the students and to provide personal development opportunities for dc people.

Danske Commodities is following the initiatives to new legislation in energy trading closely an ensures compliance with legislation at local and international levels. The company also pays close attention to the risk of corruption through a specific anti-corruption policy. In addition, Danske Commodities is making great efforts to ensure the right values and integrity of all staff.

"We have invested significantly in our business, systems and people. At the same time we have increased our EBIT by 13% and our cash position by 17%. This makes us ready for the future."

Kim Bendixen, CFO

PERFORMANCE **IN 2013**

Danske Commodities delivered a strong performance in 2013, and has continued the substantial investment in business, systems and people.

The increased business activities resulted in a Revenue growth of 54% and EBIT grew by 13%. Expansion into new businesses, markets and product portfolio has been 100% self-financed and the Free cash flow was up by 2% and total Cash and cash equivalents increased by 17%.

Danske Commodities' positive business growth and financial achievements in 2013 set the stage for future expansion.

FINANCIAL PERFORMANCE

EUR million	**2013**	2012	Change
Revenue	1,932	1,253	54%
EBIT	41	37	13%
Profit before tax	44	39	14%
Cash and cash equivalents	89	76	17%
Equity	75	65	14%
Equity ratio	36%	39%	-7%
Return on Equity	47%	51%	-9%
Average no. of employees	279	149	87%
No. of employees at 31 December	423	231	83%

REVENUE

Revenue increased to EUR 1,932 million in 2013 against EUR 1,253 million in 2012. The 54% increase was due to expansion of activities within existing and new markets. The revenue improvement was broadly based across all business areas, particularly in growth in new customer contracts in dcPower, dcGas and dcCertificates. Danske Commodities gained market share in existing business areas and power trading was up by 47%, while gas trading and other activities grew by 75%. The trading base grew from 31 countries in 2012 to 33 in 2013. New services and products were introduced during the year and added to the wide range of customer-related services that Danske Commodities offers to its customers.

GROSS PROFIT

Gross profit in 2013 was EUR 92 million, an increase of EUR 30 million compared to 2012. Market growth and the synergies achieved across the various business teams produced a gross profit increase of 48% compared to 2012. A changing customer and product mix accounts for the minor decrease in gross margin from 5.0% to 4.8%.

COSTS

Total costs in Danske Commodities were EUR 51 million and have increased by EUR 25 million in 2013.

During 2013 Danske Commodities has employed 192 people to strengthen and support the business expansion in 2013 and years to come. Staff costs have increased by 61% in business and support teams.

Danske Commodities has expanded and developed the IT function, which now acounts for one third of our total staff. The increase in number of IT employees has reinforced the development of Danske Commodities in 2013 and will be vital for the business growth in 2014. Total IT costs in 2013 were EUR 12 million and in addition EUR 3 million in investments.

Costs of premises has increased due to expanded facility areas with new modern spaces to ensure a good working environment for the employees.

Other external costs increased during the year, primarily related to IT activities. However, by the end of the year a cost programme was initiated to reduce the number of consultants, as Danske Commodities has built a professional IT environment capable of supporting the business going forward.

Sales and marketing costs increased in line with the strategy to strengthen the sales organisation in support of the business activities.

Amortisation, depreciation and impairment have increased from EUR 1 million in 2012 to EUR 3 million in 2013. This is due to increased amortisation of implemented IT systems.

EARNINGS

EBIT was up by 13% in 2013 to EUR 41 million from EUR 37 million in 2012. The EBIT margin was 2.1%, a decline from 2.9% in 2012, which should be seen in the context of further development of markets, customers and systems.

Net financial items represented an income of EUR 3 million in 2013 against an income of EUR 2 million in 2012. The improvement was mainly due to capital gains on the company's securities portfolio, which by the end of 2013 had a value of EUR 5 million.

Profit before tax (EBT) for 2013 was EUR 44 million, up by 14% from EUR 39 million in 2012.

Tax on the profit for the year amounted to EUR 12 million, corresponding to an effective tax rate of 25.6%. This brought net profit for the year to EUR 33 million, a 12% improvement from EUR 29 million in 2012. The total taxes on profit during the last 5 years amount to EUR 38 million, corresponding to an effective tax rate of 25% for the period.

BALANCE SHEET AND EQUITY

Total assets at 31 December 2013 amounted to EUR 207 million, an increase of 24% compared to December 2012. The change was primarily attributable to the increase in current assets resulting from the higher level of activity.

Fixed assets amounted to EUR 14 million at 31 December 2013 against EUR 11 million at the end of 2012. The increase mainly reflects investments in IT systems and the establishment of new premises.

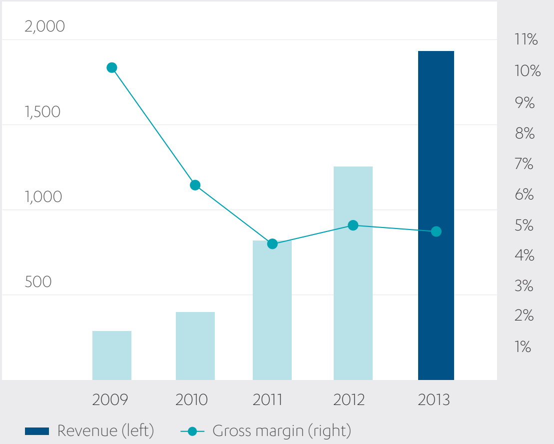
Receivables increased by EUR 24 million to EUR 98 million at the end of 2013. The increase in receivables is due to the increased revenue level both in dcPower and dcGas business areas. The average debtor days were 15 days in 2013 and in line with the figure for 2012.

Danske Commodities has significant cash reserves, holding cash and cash equivalents of EUR 89 million at 31 December 2013. It was up with 17% compared to end of 2012 and includes securities of EUR 5 million which have been reduced with EUR 17 million in 2013 according to plans.

Equity amounted to EUR 75 million at 31 December 2013, against EUR 65 million at the end of 2012. The solvency ratio was 36% against 39% in 2012. The change was due to the higher

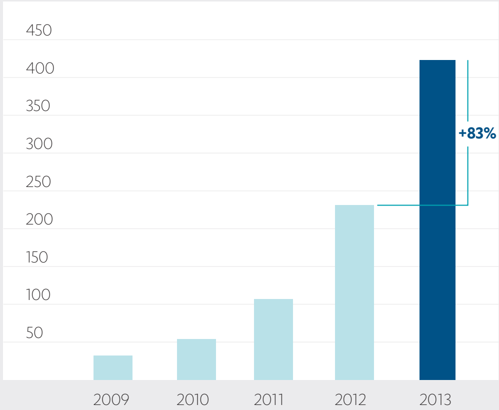
REVENUE & GROSS MARGIN
EUR million

54%
Revenue increase in 2013



EMPLOYEE HEADCOUNT
At 31 December

192
Increase in number of employees in 2013



level of business activity, which has driven up total assets. The return on equity for 2013 was 47% against 51% in 2012.

Return of capital employed was 60% which was in line with last year and was driven by the positive EBIT.

Interest-bearing debt was only EUR 2 million at the end of 2013, reflecting the strong self-financed capital structure of Danske Commodities.

CASH FLOW

Cash flow from ordinary activities amounted to EUR 57 million in 2013 against EUR 49 million in 2012. The improvement was primarily driven by the positive performance.

Free cash flow in 2013 was EUR 34 million and in line with 2012, which Danske Commodities considers to be positive as the total tax payment in 2013 was EUR 17 million against EUR 5 million in 2012.

Cash flow from investing activities amounted to EUR 6 million in 2013 against an outflow of EUR 11 million in 2012 when the investment in the DTU CHP plant in dcGeneration accounted for EUR 5 million.

Cash flow from financing activities was an outflow of EUR 25 million, mainly due to paid dividend of EUR 24 million.

Accordingly, total cash flow for 2013 was an inflow of EUR 10 million. The value adjustments of current asset investments was EUR 3 million and the positive total effect on cash and cash equivalents was EUR 13 million.

Total cash and cash equivalents were EUR 89 million compared to EUR 76 million in December 2012. Danske Commodities is pleased with this development as the continuing focus on generating a positive cash flow was a success in 2013.

INTERNATIONAL OPERATIONS

Danske Commodities established additional subsidiaries outside Denmark in 2013 in order to ensure closer ties with customers in Central and Eastern Europe. The addition of dcKosovo and dcBosnia brought Danske Commodities' portfolio of foreign subsidiaries to 16.

CHANGE IN PRESENTATION CURRENCY

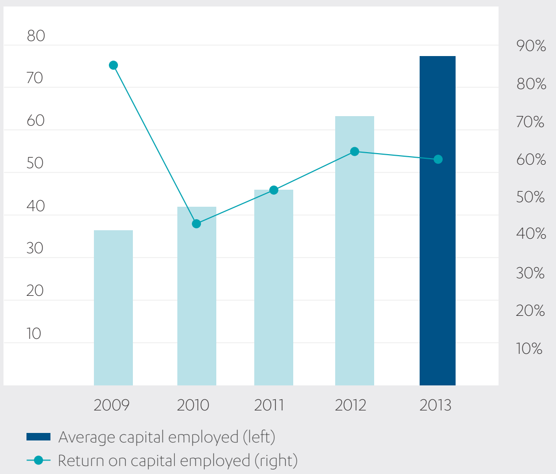
With effect as from 1 January 2013, Danske Commodities uses EUR as its presentation currency. The use of EUR as presentation currency has been chosen to reflect the Group's international position and the primary denomination currency of its business transactions. Comparative figures have been restated accordingly. The change is described under Accounting Policies.

EVENTS AFTER THE BALANCE SHEET DATE

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

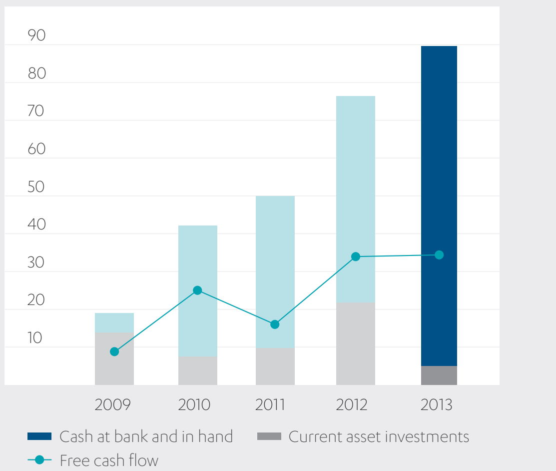
CAPITAL EMPLOYED & ROCE
EUR million

60%
Return on capital employed in 2013



CASH AND CASH EQUIVALENTS
EUR million, 31 December

17%
Increase in cash reserves in 2013



NASDAQ opening bell

19 April 2013 - Torben Nordal Clausen, CEO at Danske Commodities rang the Opening Bell at NASDAQ Stock Exchange in New York. The event marked the release of Danske Commodities' 2012 Annual Report. Danske Commodities is a member of NASDAQ OMX Commodities (formerly Nordpool).

DANSKE COMMODITIES HAS
ACCESS TO THE FOLLOWING EXCHANGES

ENERGY EXCHANGES

APX
Belpex
BSP SouthPool
EEX
EPEX SPOT
EXAA
Gaspoint Nordic
GME
HUPX
ICE
ICE Endex
IDEX
MEFF
NASDAQ OMX
Nord Pool Spot
N2EX
OKTE
OMEL
OMIP
OPCOM
OTE
POLPX
SEMO

GAS HUBS

Austria:	CEGH-VTP
Belgium:	ZTP
Czech Republic:	CZ VTP
Denmark:	GTF
France:	PEG-N
Germany:	NCG H-Gas
	NCG L-Gas
	Gaspool H-Gas
	Gaspool L-Gas
Hungary:	MGP
Italy:	PSV
Netherlands:	TTF
Poland:	Polish VTP
Slovakia:	Slovak VTP
UK:	NBP

CLIMATE MARKETS

EU:	ETS Registry
Regional:	EXAA
	EEX
	ICE
	Nord Pool
	NASDAQ OMX
Denmark:	Energinet.dk CMO.grexel registry
Finland:	Fingrid CMO.grexel registry
	TÜV SÜD Blue Registry
Germany:	UBA Herkunftsnachweisregister
Italy:	GSE
Norway:	Statnett NECS registry
Sweden:	Svenska Kraftnät CESAR
	Energimyndigheten and Svenska Kraftnät CMO.grexel registry
UK:	Ofgem Renewables and CHP Register

RISK MANAGEMENT
SUPPORTING GROWTH

Risk Management is a key priority. The risk exposure of Danske Commodities is always adequately monitored, and policies and procedures are in place to ensure efficient management of risks.

In the course of Danske Commodities' operations with ever changing conditions and significant volatility, Risk Management is given top priority and is an integral part of the day-to-day operations. A strong Risk Management framework supports controlled growth and the ability to respond quickly if assumptions change.

Danske Commodities has a risk minimisation strategy that lies within the overall strategic targets, and that systematically tracks our risk exposure in order to hedge and counter risks that have a special impact on our company. A risk is defined as an event or development that could significantly reduce Danske Commodities' ability to sustain long-term value for the company.

Hedging risk is an integral part of our business, and our top priority is trading at minimum risk. In 2013, we had 337 profitable trading days on the business activities.

Danske Commodities' Risk Management approach emphasises management accountability and broad organisational anchoring of risk management activities. The approach is based on a combination of overall risk management tools such as scenario and sensitivity analyses and specific policies governing the risk management in all key areas. Standardised reports on risks and opportunities are prepared on a monthly basis and presented to the Risk Board and the Board of Directors. For analysing purposes a risk matrix is used, in which the risks as well as their probability of occurrence and potential damage are represented. Appropriate risk mitigation measures are taken based on Danske Commodities' risk tolerance including decision on whether to avoid, reduce, share or accept a given risk.

The risk framework of Danske Commodities support to decisions-makers and has led to greater transparency and risk awareness throughout the company.

The key risks associated with Danske Commodities' activities can broadly be divided into the following six main categories.

1. Operational and IT risk
2. Market and Financial risk
3. Liquidity risk
4. Regulatory risk
5. Credit risk
6. Legal risk

OPERATIONAL AND IT RISK

Operational risk pertains to the risk of financial 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. In 2013, significant investments were made in order to improve our IT systems and to strengthen our IT infrastructure and our internal business systems.

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

Danske Commodities is heavily dependent on access to data and data processing capabilities which sets out demands for a highly reliable and available IT infrastructure. With the expansion of the organisation and assets, these demands become ever more vital. Business disruptions caused by system breakdowns can have significant impact on the company's results of operations and financial position.

In 2013, a number of initiatives on the IT infrastructure have been implemented to further improve and ensure the resilience and stability of the IT infrastructure. As a highly IT dependent company, Danske Commodities has had an intense focus on establishing a disaster/recovery setup for IT alongside broadly enhancing the business continuity management setup in the company. This has led to the implementation of increased redundancy in our IT platform in terms of storing data and providing access to data via multi-redundant network communication lines, making us more faults tolerant to breakdowns.

A dedicated IT-Security function, has been constituted to ensure even more focus on IT risks; internal as well as external. An IT risk management methodology is being implemented along with a security programme which is designed to implement the security policy and focus on tactical operational initiatives to increase the security level as well as the strategic initiatives. The IT Security function has focus on internal security awareness campaigns as well as enhancing security features of our technical IT infrastructure.

This will ensure proper attention to the most pertinent IT risks and will support the company's overall risk management activities.

MARKET AND FINANCIAL RISK

Danske Commodities' market and financial risks arise in both commodity and financial markets. Changing energy prices and interest and exchange rate fluctuations constitute the key market and financial risks in the group'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 given in the Danske Commodities Treasury Manual, the guidelines and mandates provided by Leadership.

LIQUIDITY RISK

Liquidity risks consist of the danger of our liquidity reserves no longer being sufficient to meet our financial obligations. Danske Commodities is committed to maintaining financial stability. 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.

Free liquidity and future cash flow are measured on a daily basis and in addition, different liquidity outcomes are simulated through various stress tests 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.

REGULATORY RISK

In 2013 there has been an increase in regulatory intervention in the energy market on a European level. Regulation of energy trading transactions has been tightened significantly with the regulation of Wholesale Energy Market Integrity and Transparency (REMIT), which aims to prevent insider trading and market manipulation with electricity and gas wholesale products. Market participants are obliged to publish insider information. Furthermore, they must registrer themselves and make data reporting of transactions. The financial regulatory area has also affected energy companies trading financial instruments. The aim of the European Market Infrastructure Regulation (EMIR) is to improve transparency and reduce the risk related to trading financial OTC derivatives. The obligations under EMIR consist of central clearing for some companies, mitigation techniques and data reporting of financial OTC trades.

Danske Commodities supports fair competition on energy markets for the benefit of the end consumers. In 2013, Danske Commodities established a compliance function and significant resources were invested in systems supporting data reporting through our own trading platform. Danske Commodities has established efficient procedures to identify market manipulation and we have adopted a set of internal guidelines describing timely publication of inside information, among other things. In addition, training courses have been organised for all traders.

CREDIT RISK

Credit risk covers the potential loss due to the failure of a counterparty to meet its obligations to pay the Group in accordance with agreed terms. Credit risk can arise in Danske Commodities' trading, sales and treasury operations. 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.

Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators on the different business teams and approvers in the Risk function. All credit exposures (credit lines) are approved within a defined credit approval authority framework.

The creditworthiness of all Danske Commodities' potential customers is assessed before an agreement is concluded. If required collateral in the form of cash or bank guarantees is requested. Part of the credit rating process includes a compliance check of all customers ("Know Your Customer"). We have a system in place to handle all credit applications and procedures.

Credit risk is managed by defining limits for the risk that 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.

In 2013 the Credit Department further developed the Danske Commodities Credit Score Model, and we set up a Credit Risk Forum to monitor credit risk in the market.

Danske Commodities have had no credit related losses in 2013.

LEGAL RISK

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. Legal risks arise primarily in connection with various contractual relationships.

Danske Commodities mitigates legal risks by engaging the dcLegal team in the ongoing business activities and decision-making processes. 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. Guidelines and procedures for the Legal team are in place, and fixed procedures have been defined for entering into contracts, and IT systems for electronic support of lean legal processes have been implemented.

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

"A strong Risk Management framework supports controlled growth and the ability to respond quickly if assumptions change"

Helle Østergaard Kristiansen, CRO

CORPORATE GOVERNANCE

"

The Board of Directors serves as a highly qualified and oriented dialogue partner for the Leadership of Danske Commodities.

The Board of Directors combines key industry insights, important business and financial skills as well as many years of experience in managing international businesses.

The purpose of the Board of Directors is to provide competent and visionary advice to Danske Commodities, supporting the continued strategic development and further strengthening Danske Commodities' leading position in the European market.

BOARD OF DIRECTORS
AND EXECUTIVE LEADERSHIP

BOARD OF DIRECTORS

HENRIK ØSTENKJÆR 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
- Lind Value ApS
- 4U-Development A/S
- Dbh Technology A/S
- Hemonto A/S
- SE Blue Equity A/S
- Scandinavian Private Equity A/S

Key skills:
Business development, trading, strategy

SØREN VESTERGAARD-POULSEN

Born 1969
Vice Chairman
Joined the Board in March 2013

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

Board memberships:
- Matas A/S, Deputy Chairman
- Ahlsell AB

Key skills:
Strategy, internationalisation, M&A

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. M.Sc. in Power Electrical Engineering and Ph.D. in System Science from Technical University of Denmark and Diploma in Business Administration (Finance) from Copenhagen Business School.

Board memberships:
- Systematic A/S, Chairman
- Stibo A/S
- CodeSealer ApS

Key skills:
IT, risk management, corporate governance, leadership, internationalisation

EXECUTIVE LEADERSHIP

TORBEN NORDAL 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 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 STATEMENTS 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 2013.

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 2013 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 2013.

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

Aarhus, 25 March 2014

EXECUTIVE BOARD

Torben Nordal Clausen
CEO

Kim Bendixen
CFO

BOARD OF DIRECTORS

Henrik Østenkjær Lind
Chairman

Peter L. Ravn

Søren Vestergaard-Poulsen
Vice-Chairman

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 Parent Company Financial Statements and the Consolidated Financial Statements of Danske Commodities A/S for the financial year 1 January – 31 December 2013, 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 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 2013 and of the results of the Parent Company and Group operations and cash flows for the financial year 1 January - 31 December 2013 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, 25 March 2014

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Henrik Kragh
State Authorised Public Accountant

Steffen Kjær Rasmussen
State Authorised Public Accountant

VALUES

VALUE CREATION
We create value for our customers

PEOPLE
We are intelligent and professional, working with dedication and passion

INNOVATION
We think beyond

COMMUNICATION
We communicate openly, immediately and directly

SIMPLICITY
We keep it simple

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

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

GOAL ORIENTED
We set targets and reach them

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INCOME STATEMENT
1 JANUARY - 31 DECEMBER

		GROUP		PARENT	
EUR '000	Note	2013	2012	2013	2012
Revenue	1	1,932,041	1,252,690	1,945,472	1,245,866
Cost of sales		-1,840,187	-1,190,470	-1,856,726	-1,187,677
Gross profit		**91,854**	**62,220**	**88,746**	**58,189**
Other external expenses		-19,128	-6,750	-17,879	-4,828
Staff costs	2	-28,617	-17,789	-27,776	-17,489
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment		-2,776	-1,121	-2,237	-629
Profit before financial income and expenses and tax (EBIT)		**41,333**	**36,560**	**40,854**	**35,243**
Share of profit in subsidiaries after tax		0	0	-4	657
Financial income	3	4,834	2,525	3,682	2,627
Financial expenses		-2,031	-362	-365	-159
Profit before tax (EBT)		**44,136**	**38,723**	**44,167**	**38,368**
Tax on profit/loss for the year	4	-11,503	-9,477	-11,534	-9,122
Profit for the year		**32,633**	**29,246**	**32,633**	**29,246**
Proposed distribution of profit					
Proposed dividend for the year				13,404	12,064
Reserve for net revaluation under the equity method				-4	657
Retained earnings				19,233	16,525
				32,633	**29,246**

BALANCE SHEET AT 31 DECEMBER
- ASSETS

		GROUP		PARENT	
EUR '000	Note	2013	2012	2013	2012
Software		6,251	4,686	6,178	4,574
CO2 quotas		153	203	0	0
Intangible assets	5	**6,404**	**4,889**	**6,178**	**4,574**
Land and buildings		893	992	0	0
Other fixtures and fittings, tools and equipment		5,707	4,685	2,538	1,167
Leasehold improvements		726	514	726	514
Property, plant and equipment	6	**7,326**	**6,191**	**3,264**	**1,681**
Investments in subsidiaries	7	0	0	2,333	1,179
Other investments	8	54	13	54	13
Other receivables	8	372	218	356	218
Fixed asset investments		**426**	**231**	**2,743**	**1,410**
Fixed assets		**14,156**	**11,311**	**12,185**	**7,665**
Inventories		**5,188**	**5,065**	**4,537**	**4,596**
Trade receivables		84,193	68,858	72,467	62,458
Receivables from group enterprises		2	1	10,564	7,771
Other receivables	9	11,274	5,154	9,094	5,154
Corporation tax		24	0	0	0
Prepayments		2,477	296	2,098	104
Receivables		**97,970**	**74,309**	**94,223**	**75,487**
Current asset investments		**4,918**	**21,729**	**4,918**	**21,729**
Cash at bank and in hand		**84,414**	**54,645**	**67,065**	**46,799**
Current assets		**192,490**	**155,748**	**170,743**	**148,611**
Assets		**206,646**	**167,059**	**182,928**	**156,276**

BALANCE SHEET AT 31 DECEMBER
- LIABILITIES AND EQUITY

		GROUP		PARENT	
EUR ’000	Note	2013	2012	2013	2012
Share capital	10	498	498	498	498
Reserve for net revaluation under the equity method		0	0	629	641
Retained earnings		60,647	52,853	60,018	52,212
Proposed dividend for the year		13,404	12,064	13,404	12,064
Equity		**74,549**	**65,415**	**74,549**	**65,415**
Provision for deferred tax		1,560	1,268	1,460	1,135
Provisions		**1,560**	**1,268**	**1,460**	**1,135**
Debt to mortgage credit institutions		1,954	2,459	0	0
Long-term debt	11	**1,954**	**2,459**	**0**	**0**
Debt to mortgage credit institutions		463	457	0	0
Trade payables		107,786	72,870	81,700	64,710
Payables to group enterprises		67	0	6,977	0
Corporation tax		551	5,903	509	5,669
Other payables	12	19,716	18,687	17,733	19,347
Short-term debt		**128,583**	**97,917**	**106,919**	**89,726**
Debt		**130,537**	**100,376**	**106,919**	**89,726**
Liabilities and equity		**206,646**	**167,059**	**182,928**	**156,276**

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STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Reserve under the equity method	Retained earnings	Proposed dividend for the year	Total
Group					
Equity at 1 January 2013	498	0	52,853	12,064	65,415
Exchange rate adjustment	0	0	-7	7	0
Dividend paid	0	0	-12,068	-12,071	-24,139
Exchange rate adjustment relating to independent foreign entities	0	0	-6	0	-6
Fair value adjustments of hedging instruments beginning of year	0	0	0	0	0
Fair value adjustments of hedging instruments end of year	0	0	646	0	646
Profit for the year	0	0	19,229	13,404	32,633
Equity at 31 December 2013	**498**	**0**	**60,647**	**13,404**	**74,549**
Parent					
Equity at 1 January 2013	498	641	52,212	12,064	65,415
Exchange rate adjustment	0	-2	-5	7	0
Dividend paid	0	0	-12,068	-12,071	-24,139
Exchange rate adjustment relating to independent foreign entities	0	-6	0	0	-6
Fair value adjustments of hedging instruments beginning of year	0	0	0	0	0
Fair value adjustments of hedging instruments end of year	0	0	646	0	646
Profit for the year	0	-4	19,233	13,404	32,633
Equity at 31 December 2013	**498**	**629**	**60,018**	**13,404**	**74,549**

CASH FLOW STATEMENT

EUR '000	Note	2013	2012
Group			
Profit for the year		32,633	29,246
Adjustments	15	12,432	8,241
Change in working capital	16	12,252	11,214
Cash flow from operating activities before financial income and expenses		**57,317**	**48,701**
Financial income		1,635	590
Financial expenses		-2,031	-362
Cash flow from ordinary activities		**56,921**	**48,929**
Corporation tax paid		-16,802	-4,530
Cash flow from operating activities		**40,119**	**44,399**
Purchase of intangible assets		-2,870	-3,851
Purchase of property, plant and equipment		-2,657	-6,611
Fixed asset investments made		-202	-74
Disposal of fixed asset investments		7	2
Cash flow from investing activities		**-5,722**	**-10,534**
Repayment of debt to mortgage credit institutions		-499	-308
Raising of debt to mortage credit institutions		0	3,224
Cash capital increase		0	11,170
Dividend paid		-24,139	-23,498
Cash flow from financing activities		**-24,638**	**-9,412**
Change in cash and cash equivalents		**9,759**	**24,453**
Cash and cash equivalents at 1 January		76,374	49,986
Exchange rate adjustments of current asset investments		3,199	1,935
Cash and cash equivalents at 31 December 2013		**89,332**	**76,374**
Cash and cash equivalents are specified as follows:			
Current asset investments		4,918	21,729
Cash at bank and in hand		84,414	54,645
Cash and cash equivalents at 31 December 2013		**89,332**	**76,374**
Share of the Group's cash at bank and in hand have been provided as security for the Group's commitments	13	36,435	29,783

NOTES TO THE FINANCIAL STATEMENT

		GROUP		PARENT	
	EUR '000	2013	2012	2013	2012
1	**REVENUE**				
	Electricity trade	1,346,651	917,746	1,360,082	909,257
	Gas and other mineral trade	585,390	334,944	585,390	336,609
		1,932,041	**1,252,690**	**1,945,472**	**1,245,866**
2	**STAFF COSTS**				
	Wages and salaries	26,683	16,793	25,975	16,520
	Pensions	476	174	428	174
	Other staff costs	1,458	822	1,373	795
		28,617	**17,789**	**27,776**	**17,489**
	Including remuneration to:				
	Executive Board	524	818	524	818
	Board of Directors	231	181	231	181
		755	**999**	**755**	**999**
	Average number of employees	**279**	**149**	**265**	**146**
3	**FINANCIAL INCOME**				
	Interest income, group enterprises	41	8	310	171
	Other financial income	4,793	2,517	3,372	2,456
		4,834	**2,525**	**3,682**	**2,627**

	GROUP		PARENT	
EUR '000	2013	2012	2013	2012
4 TAX ON PROFIT/LOSS FOR THE YEAR				
Current tax for the year	10,973	8,785	10,973	8,563
Deferred tax for the year	318	962	325	829
Adjustment of tax relating to previous years	238	-272	236	-272
Adjustment of deferred tax relating to previous years	-26	2	0	2
Tax on entries in equity realting to deferred tax	215	0	215	0
Total tax for the year	**11,718**	**9,477**	**11,749**	**9,122**
- specified as follows:				
Tax on profit/loss for the year	11,503	9,477	11,534	9,122
Tax on entries in equity	215	0	215	0
	11,718	**9,477**	**11,749**	**9,122**
Effective tax rate	**25.6%**	**25.2%**	**25.6%**	**24.5%**

EUR '000	Software	CO2 quotas
5 INTANGIBLE ASSETS		
Group		
Cost at 1 January	5,081	254
Additions for the year	2,869	1
Cost at 31 December	7,950	255
Amortisation and impairment losses at 1 January	395	51
Amortisation for the year	1,304	51
Amortisation and impairment losses at 31 December	1,699	102
Carrying amount at 31 December 2013	**6,251**	**153**
Parent		
Cost at 1 January	4,958	
Additions for the year	2,869	
Cost at 31 December	7,827	
Amortisation and impairment losses at 1 January	384	
Amortisation for the year	1,265	
Amortisation and impairment losses at 31 December	1,649	
Carrying amount at 31 December 2013	**6,178**	

EUR '000	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
6 PROPERTY, PLANT AND EQUIPMENT			
Group			
Cost at 1 January	1,065	5,416	610
Exchange rate adjustment	0	-23	0
Additions for the year	22	2,078	557
Disposals for the year	-60	0	0
Cost at 31 December	1,027	7,471	1,167
Depreciation and impairment losses at 1 January	73	731	96
Exchange rate adjustment	0	-2	0
Depreciation for the year	67	1,035	345
Reversal of depreciation on disposals in the year	-6	0	0
Depreciation and impairment losses at 31 December	134	1,764	441
Carrying amount at 31 December 2013	**893**	**5,707**	**726**
Parent			
Cost at 1 January		1,542	610
Additions for the year		2,018	557
Cost at 31 December		3,560	1,167
Depreciation and impairment losses at 1 January		375	96
Depreciation for the year		647	345
Depreciation and impairment losses at 31 December		1,022	441
Carrying amount at 31 December 2013		**2,538**	**726**

EUR '000	2013	2012
7 INVESTMENTS IN SUBSIDIARIES		
Parent		
Cost at 1 January	535	185
Exchange rate adjustment	-1	-1
Additions for the year	1,141	351
Disposal for the year	-30	0
Cost at 31 December	1,645	535
Value adjustments at 1 January	639	5
Exchange rate adjustment	-6	-23
Net profit/loss for the year	-4	657
Value adjustments at 31 December	629	639
Investments with negative net asset value	59	5
Carrying amount at 31 December 2013	**2,333**	**1,179**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Danske Commodities Albania Sh.p.k.	Albania	tALL 14,000	100.00%
Danske Commodities BH d.o.o.	Bosnia	tEUR 513	100.00%
Danske Commodities d.o.o., Croatia	Croatia	tHRK 430	100.00%
DC Generation A/S	Denmark	tDKK 500	100.00%
Danske Commodities UK Limited	England	tGBP 0	100.00%
Danske Commodities Deutschland GmbH	Germany	tEUR 25	100.00%
Danske Commodities Italia S.R.L.	Italy	tEUR 10	100.00%
Danske Commodities Kosovo SH.P.K	Kosovo	tEUR 0	100.00%
Danske Commodities Invest DOOEL Skopje	Macedonia	tMKD 308	100.00%
Danske Commodities Macedonia DOOEL Skopje	Macedonia	tMKD 308	100.00%
Danske Commodities Bucharest S.R.L.	Romania	tRON 0	100.00%
Danske Commodities Invest d.o.o. (Serbien)	Serbia	tRSD 0	100.00%
Danske Commodities Serbia d.o.o.	Serbia	tRSD 54	100.00%
Danske Commodities Sweden AB	Sweden	tSEK 50	100.00%
Danske Commodities AG	Switzerland	tCHF 100	100.00%
Danske Commodities Turkey Enerji Ticaret A.Ş.	Turkey	tTRY 2,000	100.00%

EUR '000	Other investments	Other receivables
8 **OTHER FIXED ASSET INVESTMENTS**		
Group		
Cost at 1 January	13	218
Additions for the year	41	161
Disposals for the year	0	-7
Cost at 31 December	54	372
Carrying amount at 31 December 2013	**54**	**372**
Parent		
Cost at 1 January	13	218
Additions for the year	41	145
Disposals for the year	0	-7
Cost at 31 December	54	356
Carrying amount at 31 December 2013	**54**	**356**

	GROUP		**PARENT**	
EUR '000	2013	2012	2013	2012
9 **OTHER RECEIVABLES**				
Fair value of financial transactions, asset	13,007	12,784	13,007	12,784
Fair value of financial transactions, liability	-9,624	-9,784	-9,624	-9,784
Fair value of financial transactions, net	3,383	3,000	3,383	3,000
Deposits	4,879	2,154	4,486	2,154
Other receivables	3,012	0	1,225	0
	11,274	**5,154**	**9,094**	**5,154**

10 SHARE CAPITAL

The share capital consists of 3,707,000 shares of a nominal amount of DKK 1. All shares rank equally.

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

EUR '000	2013	2012	2011	2010	2009
Share capital beginning	498	448	448	448	448
Capital increase	0	50	0	0	0
Capital reduction	0	0	0	0	0
Share capital end	**498**	**498**	**448**	**448**	**448**

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	2013	2012	2013	2012
The debt falls due as follows:				
Debt to mortgage credit institutions				
> 5 years	159	596		
1 - 5 years	1,795	1,863		
Long-term share	1,954	2,459		
0 - 1 years	463	457		
	2,417	**2,916**		

12 OTHER PAYABLES

	GROUP		PARENT	
EUR '000	2013	2012	2013	2012
Deposits received	2,989	5,779	1,283	5,779
Staff obligations	6,117	3,820	6,079	4,480
VAT taxes and other public payables	10,067	9,088	9,926	9,088
Other payables	543	0	445	0
	19,716	**18,687**	**17,733**	**19,347**

EUR '000	GROUP 2013	GROUP 2012	PARENT 2013	PARENT 2012
13 SECURITY AND OTHER FINANCIAL OBLIGATIONS				
Guarantees				
As security for trade with customers and suppliers, the Company's banks have provided guarantees which at the balance sheet date amounted to	141,212	96,625	87,215	76,642
Security				
The following assets have been placed as security for mortgage credit institutes:				
Buildings with a carrying amount of	893	992	0	0
Other fixtures, fittings, tools and equipment	2,951	3,284	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	3,844	4,276	0	0
The following assets have been placed as security for guarantee limit in banks:				
Securities account with a carrying amount of	3,393	21,729	3,393	21,729
Cash and cash equivalents with a carrying amount of	33,042	8,054	23,589	2,613
Other financial obligations				
Toward counterparties of subsidiaries the Parent Company has provided guarantees				
At the balance sheet date, the guarantees amounts to	18,200	0	18,200	0
The Company has entered into contracts on leases with a period of non-terminability of up to 40 months.				
The annual lease payment at the balance sheet date amounted to	2,230	674	2,122	674

The Danish group enterprises are jointly and severally liable for tax on the taxable income etc. in the joint taxation. Total corporation tax paybale is shown in the annual report of Lind Invest ApS which is the administration company of the joint taxation. Furthermore the Danish group enterprises are jointly and severally liable for Danish withholding taxes such as tax on dividend, royalty and interests. Any subsequent adjustments to corporation tax and withholding taxes may increase the company's obligations.

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:

Vaerkmestergade 25, 14., DK-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 lease 5% of the share capital:

Lind Invest ApS, Vaerkmestergade 25, 14., DK-8000 Aarhus C

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

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

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

		GROUP	
	EUR ’000	2013	2012
15	**CASH FLOW STATEMENT - ADJUSTMENTS**		
	Financial income	-4,834	-2,525
	Financial expenses	2,031	362
	Amortisation, depreciation and impairment losses incl. losses and gains on sale	2,776	1,121
	Hedging contracts	861	0
	Tax on profit/loss for the year	11,503	9,477
	Exchange adjustments	95	-194
		12,432	**8,241**
16	**CASH FLOW STATEMENT - CHANGE IN WORKING CAPITAL**		
	Change in inventories	-123	-2,676
	Change in receivables	-23,637	-25,172
	Change in suppliers etc.	36,012	39,062
		12,252	**11,214**

17 ACCOUNTING POLICIES

Basis of Preparation

The Annual Report of Danske Commodities A/S for 2013 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Apart from the change in presentation currency the accounting policies applied remain unchanged from the previous year.

Change in presentation currency
The Group changed its presentation currency from DKK to EUR at 1 January 2013. The Financial Statements for 2013 have been presented in EUR. The comparative figures of the income statement have been translated into EUR at the average exchange rate for EUR/DKK of 7.4438 for 2012. The comparative figures of the balance sheet have been translated into EUR at the year-end rate for EUR/DKK of 7.4604 at 31 December 2012. The Annual Report for 2013 has been prepared in EUR '000.

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. EUR 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 sale-back 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 costs
Staff costs 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.

Share of profit in subsidiaries after tax
The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit after tax 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_2 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:

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 EUR 0 and any receivables from these are written down by the parent company's share of the negative net asset value. 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 solely 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 = $\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$

Return on capital employed = $\frac{\text{EBIT plus financial income} \times 100}{\text{Average total assets less non-interest bearing debt}}$

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

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

ORGANISATIONAL FACTS

OUR PEOPLE

423
employees,
an increase of **83%** in 2013

33 years
is the average age

26%
are trainees, graduates or student employees

69%
hold an academic degree

6%
is the turnover ratio

34%
female employee

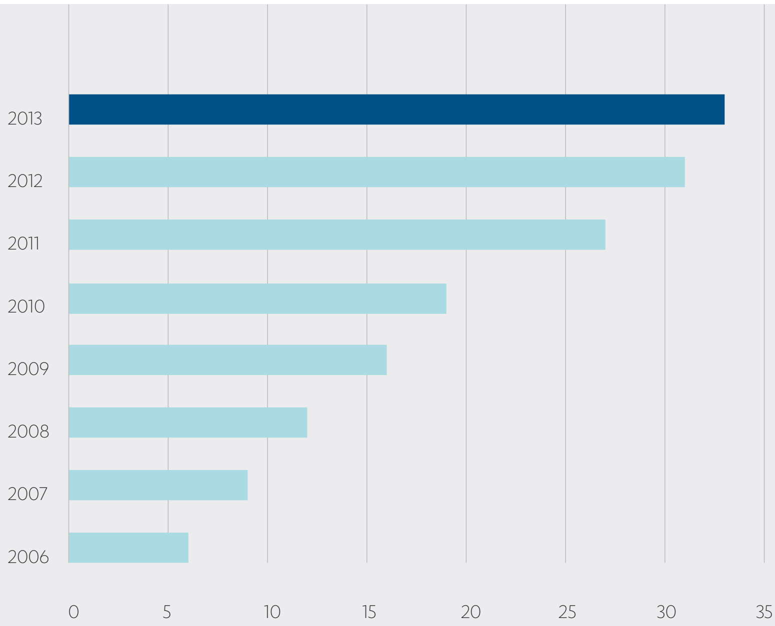
66%
male employee

29
different nationalities among the employees

“

Our people are our greatest asset. We focus on creating a company culture that inspires all of us to do what it takes.

INTERNATIONAL **GROWTH**



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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

2013
Kosovo
Bosnia and Herzegovina

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Founded in 2004 and based in Denmark, Danske Commodities is a pan-European energy trading company. We provide customers with energy trading-related services such as asset, consumption, balancing and risk management – often via customer-tailored products.

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