

# Annual Report **2011**

---



CVR no. 20293195

# Growth in the core business and break-through on new markets



*The Board of Executives of Nordjysk Elhandel. From left Erik Christensen, CFO, Bjørn Skovhus, EVP, Søren Agersbæk Jensen, EVP and Bo Lyng Rydahl, CEO*

## // Financial ratios – Amounts in DKKm.

Net revenue	4,474.7
Profit before depreciation and amortisation – EBITDA	97,7
Profit from operations – EBIT	76,1
Profit before tax	67,1
Net profit for the year	54,2
Equity	381.0
Equity (%)	43,6
Average number of employees	139

2011 was the best year so far for Nordjysk Elhandel. Growth in our core business continued, which generated record earnings from core operations. The liquidity position was strengthened by DKK 72.3 million through optimisation of our core business and spin-off of the climate portfolio into an independent climate company. Revenue increased from approx. DKK 3.1 billion in 2010 to approx. DKK 4.5 billion in 2011, which is supported by an increase in the total energy volume managed from 7.3 TWh in 2010 to 8.5 TWh in 2011. Profit before tax was DKK 67.1 million in 2011. Adjusted for costs relating to the spin-off of climate activities, the actual profit before tax amounts to DKK 104.3 million, which is the strongest result from ordinary operations in the company's history.

Earnings in 2011 were generated by a broad range of business areas. However, two areas have done significantly better than budgeted, namely Renewables and Markets. For Renewables, activities involving management of wind power and handling of green certificates have contributed more than expected while, for Markets, skilful handling of customer-derived financial flows has generated very satisfactory earnings.



## ...the strongest result of ordinary operations in the company's history

### // New shareholders and new group structure

After a prolonged sales process, the transfer of the shares in Nordjysk Elhandel was completed in April 2011. Due to restrictions in the legislation on the business areas of municipally owned companies, the company's previous shareholders had to sell their shares, which were acquired by a group of private investors and the management and the employees of Nordjysk Elhandel. As a result of the new ownership, Nordjysk Elhandel is released from all restrictions with respect to international business activities and business activities other than electricity trading. Therefore, we took the opportunity to adjust the organisation at group level and in Nordjysk Elhandel. In December, Nordjysk Elhandel's climate activities were spun off into an affiliated company, NE Climate A/S, and after the closing of the financial statements the company Utility North A/S was acquired. See group structure on page 4 below

### // Gearing for new growth

After the change of ownership, a strategy process was initiated at Nordjysk Elhandel over the summer in order to provide joint information about the company's strengths and to outline the most important business drivers that will ensure development and growth in the company in the future. This process also involved an optimisation of Nordjysk Elhandel's sales and market oriented functions in order to adjust the organisation to the company's strategic goals. So, the effort to create the best possi-

## CONTENTS

### Welcome to the Annual Report 2011

Growth in the core business and breakthrough on new markets	2
The company	6
Financial highlights and ratios	7

### Management's review

Major isolated events dominated the market	8
--	---

#### Business areas:

Consumption	14
Combined Heat and Power	16
Renewables – Generation	18
Renewables – Origination	20
Wholesale	22

#### Trade areas:

Operations	26
Markets	27
Options	28
Trading	29
Climate	30

### Theme

IT development	32
Knowledge and employees	34

<b>Risk</b>	36
-------------	----

<b>CSR</b>	40
------------	----

### Reports and financial statements

Statement by the Board of Directors and Board of Executives	45
Independent auditor's report	46
Financial highlights and ratios	47
Accounting policies	48
Income statement	53
Balance sheet	54
Cash flow statement	57
Notes	58

ble platform for the company's further development was off to a good start.

### // First international steps taken

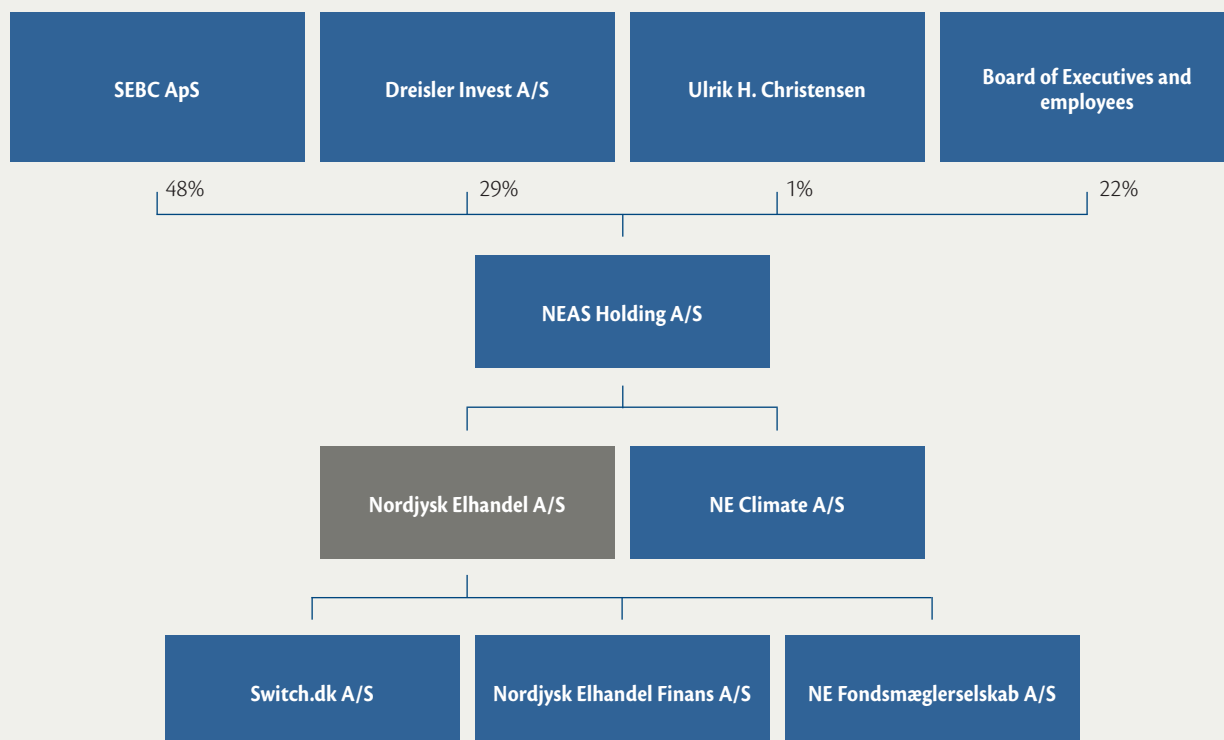
It did not take long for the new organisation to show its potential. The new so-called EEG act (Erneuerbare-Energien-Gesetz) in Germany provides support for wind power producers that make the transfer to electricity production on market conditions 'Direktvermarktung'. Because of our extensive experience and strong set-up within management of wind power on market conditions in Denmark and Sweden, there was now a demand for our competences in Germany. With a quick response to the opening in the market and highly attractive products and services we managed, in a short time, to conclude agreements with wind power producers in Germany for a total capacity of more than 600 MW.

In 2011, cooperation was established with the English trading company, Opus Energy, regarding the management of English wind turbines, proving once again that our strong competences within wind turbine management are in high demand, also internationally.

Continued growth in 2012 with focus on expanding the solid platform

In 2012, we will continue our work on the strategy for Nordjysk Elhandel. The long-term strategic goals will be set, including an exact prioritisation of the international opportunities that we should exploit. We will focus on continuing to create the perfect platform for growth and earnings in the coming years. Therefore, no significant growth is expected in earnings in 2012 whereas activity is expected to increase compared to 2011.

### Ownership structure:







#### The company:

Nordjysk Elhandel A/S  
Skelagervej 1, DK-9000 Aalborg  
Tel.: +45 99 39 55 00  
Fax: +45 99 39 59 99  
Info@neas.dk - www.neas.dk  
CVR no.: 20 29 31 95

#### Board of Directors:

Eigild B. Christensen, Chairman  
Michael Dreisler, Vice Chairman  
Susanne Dreisler  
Ulrik H. Christensen  
Bo Lynge Rydahl,

#### Executives:

Bo Lynge Rydahl, CEO  
Bjørn Skovhus, EVP  
Søren Agersbæk Jensen, EVP  
Erik Christensen, CFO

### EXECUTIVES



Board of Directors: From left Bo Lynge Rydahl, Eigild B. Christensen, Chairman Susanne Dreisler, Michael Dreisler, Vice Chairman and Ulrik H. Christensen



**Financial highlights** Amounts in DKK '000**2011****2010****2009****2008****2007****Profit**

Revenue	4,474,706	3,144,827	2,269,200	3,231,129	1,302,946
Index	343	241	174	248	100

Profit from operations	76,124	40,580	93,120	62,504	23,623
Index	322	172	394	265	100

Profit/loss from net financials	-9,016	-9,905	-10,484	-6,376	-1,536
Index	587	645	683	415	100

Profit before tax	67,108	30,675	82,636	56,129	22,088
Index	304	139	374	254	100

Profit after tax	54,215	20,313	61,942	42,156	16,675
Index	325	122	371	253	100

**Balance sheet**

Balance sheet	874,562	971,756	742,988	680,679	477,512
Index	183	204	156	143	100

Investment in property, plant and equipment	847	1,122	24,348	66,017	19,277
Index	4	6	126	342	100

Cash less bank payables	12,298	-60,001	17,099	-69,706	2,154
Index	571	-2,786	794	-3,236	100

Share capital	125,038	125,038	125,038	125,038	125,038
Index	100	100	100	100	100

Equity	380,998	330,163	311,354	249,412	207,256
Index	184	159	150	120	100

Short-term payables, excl. bank	352,228	389,295	263,935	201,983	127,262
Index	277	306	207	159	100

**Cash flows**

Net cash flow from:

Operating activities	40,614	-44,098	183,675	-22,046	-57,192
----------------------	--------	---------	---------	---------	---------

Investments	35,065	-33,002	-99,474	-93,281	-31,609
-------------	--------	---------	---------	---------	---------

Financing activities	-3,380	0	2,604	43,467	65,409
----------------------	--------	---	-------	--------	--------

<b>Cash flows for the year</b>	<b>72,299</b>	<b>-77,100</b>	<b>86,805</b>	<b>-71,860</b>	<b>-23,392</b>
--------------------------------	---------------	----------------	---------------	----------------	----------------

**Financial ratios****2011****2010****2009****2008****2007****Profitability**

Return on equity	15.2%	6.3%	22.1%	18.5%	10.0%
------------------	-------	------	-------	-------	-------

Return on capital employed	8.7%	4.2%	12.5%	9.1%	4.9%
----------------------------	------	------	-------	------	------

Profit margin	1.7%	1.3%	4.1%	1.9%	1.7%
---------------	------	------	------	------	------

**Solvency ratio**

Equity ratio	43.6%	34.0%	41.9%	36.6%	43.4%
--------------	-------	-------	-------	-------	-------

**Other**

Average number of employees	139	154	155	91	48
-----------------------------	-----	-----	-----	----	----



# Major isolated events dominated the market

As an independent energy trading company, the development on the energy markets is of vital importance to Nordjysk Elhandel's activities. The consulting services provided to our customers within energy production and consumption are always based on the market, the needs of the individual customer and the opportunities that we see and recommend the customer to respond to.

In 2011, the market was characterised by a number of extraordinary events, which combined to generate high volatility on the market. These extraordinary events have tested some of the traditional market fundamentals that are decisive for pricing and they have created both opportunities and challenges for Nordjysk Elhandel.

## // Dramatic shift in weather at the turn of the year

2011 started with a major price drop. In a very short time over the New Year, the weather (and the weather forecasts) changed from very cold and dry weather, which had dominated Europe throughout November and December 2010, to very warm and wet weather. This shift in weather resulted in a drop in the quarterly contract for Q2 of almost 15 EUR/MWh in just 14 trading hours on the Scandinavian electricity exchange Nord Pool. The sudden shift in weather surprised many players on the markets since it took place at very short notice without any indications in the forecasts. The shift in weather resulted in a good flow of customer transactions in Markets whereas in Trading it generated a loss on the positions and a difficult basis for the rest of the year, which the department nevertheless managed to turn into a strong positive result for the year by means of a consistent strategy.

## // Merkel phases out nuclear power after Fukushima

On the morning of 11 March, a major earthquake struck Japan, triggering a tsunami that damaged the nuclear power plant Fukushima and caused radioactive material to leak from the reactors. The disaster in Japan had immediate consequences for the market and sparked renewed debate over the future of nuclear power in Germany and other European countries. On 18 March, Chancellor Angela Merkel announced that eight old Ger-

man nuclear power plants would be decommissioned and that the remaining nuclear power would be phased out of the German power supply. Merkel's announcement caused prices to soar on the Continent and in the Nordic countries. The market included a large risk premium of up to 8 EUR/MWh in the electricity price with respect to whether the supply in Germany would be sufficient without nuclear power to cover a cold and dry winter – as the two previous winters. The significant price spikes on the German market spread to the Nordic market where some electricity producers took the opportunity to hedge prices for the production in the high price scenario.

## // The Arab spring

In 2011, geopolitical unrest played a crucial role for the price development on the energy markets. The protests in Tunisia back in December 2010 spread during the winter and spring to large parts of the Arab world. Demonstrations, unrest and veritable revolutions and open riots took place in Algeria, Bahrain, Yemen and, most notably, in Libya and Egypt, where the long-time rulers Muammar Gaddafi and Hosni Mubarak were forced to relinquish power. On the markets, the 'Arab spring' created uncertainty with respect to the oil supplies from the affected countries, several of which are major oil producers. The situation in the Arab countries created some volatility on the oil market, which to a large extent decides the price of natural gas and other fossil fuels for energy production.

## // The debt crisis in Europe

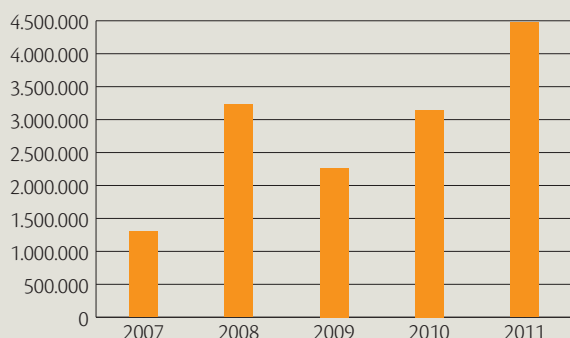
The debt crisis dominated the energy markets in the autumn of 2011. With Greece in immediate danger of national bankruptcy and impending debt crises in Italy, Portugal, Ireland and Spain, the debt crisis in the EU unfolded day by day with the Greek tragedy as the most obvious example of a completely unrealistic management of the national economy and a total debt of more than 160% of BNP. Led by Germany and France (where many banks have large amounts of money at stake in Greece), the EU secured economic assistance for Greece on several occasions to



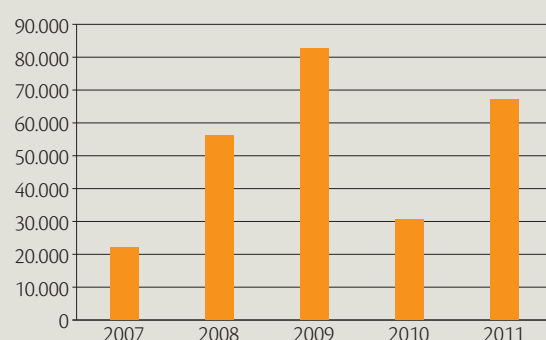
Extraordinary events  
have put market  
fundamentals to the test...



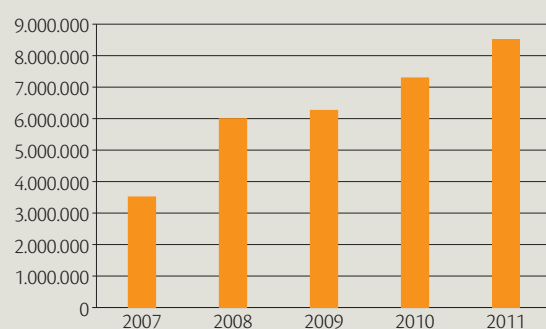
## // Revenue (DKK '000)



## // Profit before tax (DKK '000)



## // GWh managed



avoid a national bankruptcy and to keep the euro alive. Nevertheless, the debt crisis in Europe intensified since a growing number of economic key figures, downgrading of creditworthiness and government bond auctions, especially in the Southern European countries, reflected a gloomy development. On the

energy markets, the European debt crisis was reflected in low demand from industry. At the same time, the weather played a part once more. This time with unusually warm, wet and windy weather. Huge amounts of precipitation filled the water stores in the Nordic countries with great surpluses on the hydro balance, and the hydroelectric power stations supplied lots of power. So did the wind turbines in Germany and Denmark and at the same time the demand for heating fuel was low due to the mild weather. The economic downturn in Southern Europe and the weather led to a sharp drop in sentiment on the market, which manifested itself in a real low-price scenario. On this background, we issued a sharp recommendation for our customers, which led many local electricity producers to secure the base amount at reasonable levels while a large part of our private customers hedged part of their purchases.

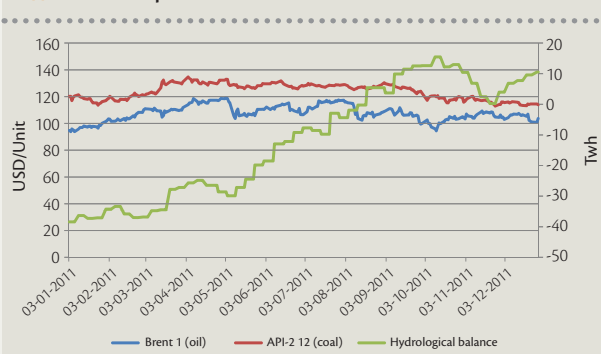
## // New supporting legislation for wind power in Germany

Once in a while, it is not price fluctuations in the market that we should react to but rather political decisions that become law and open doors to a new market. This was the case in Germany where in late summer a new so-called EEG act (Erneuerbare-Energien-Gesetz) was passed that supports wind power producers producing power on market conditions, 'Direktvermarktung'. This, of course, created a demand for Nordjysk Elhandel's competences within trading and production balancing of wind power. With our experience and successes from Denmark and Sweden we managed, through an intensive process, to conclude direktvermarktung agreements with a number of major wind power developers in Germany. In total, agreements were concluded in Germany in 2011 for a total wind power capacity of 600 MW – which corresponds to the electricity consumption of approx. 400,000 households. This was a huge and important breakthrough for our activities within Renewables. This is a business area where we expect to see continued growth since massive investments are being made in wind power in most European countries and an increasing number of support schemes are made market-compatible, or wind turbines are withdrawn and converted to market conditions throughout Europe.

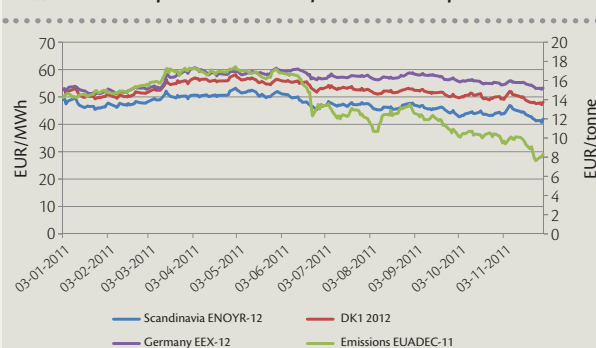
## // Strong results in a market that is difficult to predict

On the energy market, the bearish atmosphere that arose as early as late September lasted into December where the debt

## // Price development in commodities



## // Price development in electricity and emissions prices



crisis continued the downward spiral and the weather was warm, wet and very windy for the season. On top of that, CO<sub>2</sub> prices took a great dive due to low demand and expectations of saturated supply, which contributed to a further drop in electricity prices and keeping our customers interested in hedging prices up to the end of the year.

All in all, Nordjysk Elhandel's actions and results on the market in 2011 have been very satisfactory. The framework of our

trading and risk policies and the management by our traders have proved to be accommodating even in market scenarios where the traditional pricing factors are being outdone and instead the market is dominated by extraordinary events and political decisions. Our traders' ability to generate strong results in a year characterised by significant and unpredictable events is therefore testament to the extraordinary skills and timely decision-making of our trading functions.

"

**Strong results  
in a market  
that is difficult  
to predict**





An aerial photograph of a wind farm. Several white wind turbines are scattered across a vast green field. A dirt road runs diagonally through the center of the image, with a small stream flowing alongside it. In the background, a town and a body of water are visible under a clear sky.

# Business areas





CONSUMPTION > 14

COMBINED HEAT AND POWER > 16

RENEWABLES - GENERATION > 18

RENEWABLES - ORIGINATION > 20

WHOLESALE > 22

# Increased competition and market regulation challenge private customer activities

Increased competition and market regulation challenge private customer activities

2011 marked a new day on the market for private customers. During the year, several of Nordjysk Elhandel's competitors have started aggressive sales and marketing campaigns, and the competition on the market has intensified noticeably. At Consumption, which is responsible for private customers, there has been a steady influx of customers which does not, however, quite meet the expectations. Internally, we have succeeded in streamlining the administrative processes in customer handling so that the department is now more cost effective and the result for the department can be considered satisfactory.

## // Disadvantages for the competition on the electricity market

Nordjysk Elhandel was really the first energy company in Denmark to introduce sales and marketing targeted at private customers after the liberalisation of the electricity market in 2003. For a number of years, we have benefited from being first mover on the market and the customers have welcomed innovative products and sales through field marketing. However, the conditions on the retail market have changed considerably. However, the legislation, which has shortened the period of irrevocability for electricity agreements to a maximum period of six months, has been detrimental to competition on the market in many ways since it precludes attractive fixed-price agreements or option-based products, with which Nordjysk Elhandel has previously had great success – and which we know have become very popular on other financial markets such as mortgage credit.

## // New strategy and start-up of natural gas

As the organisation has become more lean in 2011, Consumption has worked to build customer loyalty, web shop sales and not least new aggressive sales and marketing strategies. Several of these strategic measures will be qualified, tested and implemented during 2012. So, at the beginning of 2012 the department entered a new market – namely sales of natural gas. There is not a lot of competition on the Danish retail market for natural gas, and many natural gas customers are not yet aware that they are free to change suppliers and that this is really quite easy. Nordjysk Elhandel goes to market with competitive prices and discounts for double customers (electricity/natural gas) and plans to carry out campaign activities targeted at natural gas customers. For many customers it will be possible to save easy money and therefore we hope for a steady influx of customers for natural gas. In addition, a long-term sales and retention strategy for electricity will have to be established, which will be implemented over the summer and the second half of the year. We also see the possibility of a political initiative to improve market regulation to the benefit of free competition and the Danish consumers.





# Good influx of customers and system development strengthen market position in CHP

2011 consolidated Nordjysk Elhandel's position as market leader within trading and production balancing for local Danish CHP producers. For the important business parameters of customer base, products and services, IT systems and development of new (international) markets, Nordjysk Elhandel's position was strengthened at the end of 2011.

## // A model that inspires globally

The local Danish producers are an important element in the supply structure that has made it possible to integrate 20% wind power in Denmark and that will comprise up to 50% wind power in the future. The extensive flexibility of the local infrastructure and production is unique to Denmark and it is a model that has made Denmark a global pioneer within integration of renewable energy into the supply. Nordjysk Elhandel is the local producers' preferred partner with respect to trading and production balancing because we have helped the producers make the most of their opportunities on the market in a way that is easy to understand and without any major risks. Since we entered this area we have made targeted investments in the development of a CHP department with competent resources and the best PBA systems in the business. We believe that Nordjysk Elhandel's CHP department provides the best consultancy services regarding the market and the systemic tools, which make it user-friendly and convenient for the producers to optimise heating and power production. Nordjysk Elhandel is therefore pleased to be the local producers' preferred partner, and with our extensive experience and know-how on local production on the highly developed Danish market we have a strong asset for which we see an increasing international demand.

## // Strong position in Denmark and good start in Germany

There is keen competition in trading and balancing for local producers. Therefore, it is very satisfactory that 2011 saw an influx of new customers with a capacity of 250 MW production and 100

MW electric boilers. On Zealand, Nordjysk Elhandel has concluded agreements with a number of major plants and in 2011 our CHP department won several of the tenders in which we participated. The addition of new plants and a total growth in managed CHP capacity of 25% indicate that we have succeeded in developing competences and services that are unmatched by our competitors. In Germany, CHP has carried out a number of positive testing procedures and the first four PBA agreements have come into force at a number of plants.

## // Systems ensure optimum production

With the introduction of Nordjysk Elhandel's PBA system, the CHP department was a pioneer in the management of local production. In 2011, 'PBAS' was updated in a new version and a new operation optimisation system, 'NEAS Production Assistant', was introduced. NEAS Production Assistant makes it easy and convenient to plan heating production and report electricity production. The system processes data about the individual plant's production history compared to forecasts for prices, weather and heating purchases. In addition, the system may be integrated with a system for flow temperature control. With PBAS Planning Assistant the plant will have a system that makes it easy to plan and report production from other production units (e.g. solar, bio, electric boilers etc.).

## // Long-term customer relations

In 2012, focus will be on consolidating our position as the local producers' preferred partner. A sales effort will be made in respect of the newly developed operation optimisation system, and we will continue our product development with the clear goal to be first with the solutions that create most value for the plants given the current market conditions and the regulation of the sector. For CHP, total annual production exceeding 2 TWh is budgeted for 2012. Results are also expected to improve compared to 2011.





“  
Consultancy and systems  
for optimising heating and  
electricity production



# Expertise within wind power ensure breakthrough in Germany

Activities within the area of Renewables have become an absolute core competence for Nordjysk Elhandel, and when reorganising the sales and market-oriented functions, we therefore chose to establish two independent business centres, Generation and Origination, in order to dedicate responsibility and ensure maximum focus on business development and internationalisation of our competences within Renewables.

## // Good entry into Germany

Renewables – Generation is dedicated to the sale and develop-

ment of Nordjysk Elhandel's services within trading and physical handling of especially wind power, but also increasingly hydro, solar and bio. Shortly after its establishment, the department had its baptism of fire when a new supporting act, Erneuerbare Energie Gesetz 2012 (EEG), was introduced in Germany. EEG 2012 supports producers of renewable energy that change from government-based settlement and balancing to settlement and balancing on market conditions. This opened the door for Nordjysk Elhandel's competences within trading and production balancing for wind power, and on the basis of a premium scheme



Offers wind power producers in Germany risk-free additional earnings...

for producers that convert to market conditions we were able to offer wind power producers in Germany risk-free additional earnings. On this background, an intensive sales effort was made in the autumn targeted at developers and investors in wind power in Germany. Before the end of the year, this resulted in added wind power capacity of more than 600 MW in Germany. Power Purchase Agreements (PPAs) and production balancing agreements have been concluded with a number of major developers, energy companies and a few small wind farms. The increase in wind power in Germany is considered very satisfactory and is a breakthrough for our services for the physical management of power outside Scandinavia. It is especially uplifting that we can now see that our investments in resources and systems for physical management of wind power give Nordjysk Elhandel a competitive advantage with respect to attractive pricing and optimum servicing of the wind power producers. The breakthrough in Germany shows that our investments within the wind power area and our extensive experience in Denmark have given the company a very strong foundation for spreading our wind power activities internationally.

### // Unfavourable price combination in Sweden

In Sweden, Nordjysk Elhandel has developed quite a large wind power portfolio in recent years comprising one of the largest on-shore projects in Europe. However, due to the price development in 2011 our trading activities in Sweden for the entire year were lower than expected. The price of electricity certificates, which is the Swedish (and from year-end 2012 also Norwegian) support system for wind power, fell from 251 SEK/pcs at the beginning of January to 153 SEK/pcs at the end of December for electricity certificates for delivery in 2012. This large price drop resulted in a lack of interest in price hedging of electricity certificates. Compared to the price development in power, which has generally also been declining after the quick price increases resulting from the Fukushima accident, the majority of wind power producers have not been inclined to further price hedge the power production. On top of this, Sweden was divided into four price areas in 2011, which had a negative effect on our wind power management in Sweden. Given the price development in the Nordic countries, Renewables – Generation has developed new products adjusted to low-price scenarios so that we can increase the value of wind power even more when the market is trading at low prices.

### // Re-powering in Denmark and entry into the UK

A large part of the Danish wind turbines are becoming old and the process of replacing the old turbines with new ones, commonly called re-powering, is now in progress. To this should be added the establishment of brand-new wind power projects in Denmark. Through our cooperation with Vindenergi Danmark, we are now able to offer portfolio management and more advanced price hedging agreements, which may optimise earnings on an ongoing basis and ensure profitable base levels for the settlement. Especially the large Danish developers displayed great interest in these services. Based on the display of interest during 2011 from developers with an imminent need for re-powering, among others, we expect a good deal of activity on the Danish wind power market in 2012.

After the closing of the financial statements, Nordjysk Elhandel has concluded a cooperation agreement with British Opus Energy regarding trading and production balancing for wind power in the UK. Opus Energy is a market leader within electricity and natural gas for the business segment in the UK, and the cooperation gives Nordjysk Elhandel a strong partner with extensive knowledge and network on the market which will actively market our competences to the British wind power producers and participate in tenders. In the UK, there are current plans for a massive expansion of wind power on the basis of attractive support conditions. The cooperation with Opus Energy has already resulted in the first PPAs, which will appear from the financial statements for next year. In 2012, we expect to intensify our activities in the UK resulting in growth in volume and revenue on the British market.

### // Preparing for further growth

The activities under Renewables – Generation will also be a high priority growth area at Nordjysk Elhandel in the future. In 2012, additional resources will be allocated to the department in order to optimise our activities on established markets and cultivate potential new markets. Specifically, there are plans to strengthen the resource side with more sales and customer employees and in this connection a targeted effort will be made to market 'NEAS Production Management'. This is a full-scale concept for financial trading and physical management from project planning to commercial operation where we apply all our competences in order to minimise costs and risks associated with investments in renewable energy and maximise our customers' earnings.



# Strong performance on new markets

A common European market for trading in certificates of origin, the so-called Guarantees of Origin (GoOs), is developing rapidly. Several countries in Europe have implemented mandatory tax or certificate systems that create markets for trading in certified renewable energy and high capacity energy. On the basis of Nordjysk Elhandel's activities within wind power and CHP production we have in recent years developed expertise in accreditation and certification of wind turbines and CHP plants (natural gas, bio and waste plants). With great value for our customers we have completed accreditation for the British LEC (Levy Exemption Certificate) system and approval for the recognised GoO stand-

ards ECCS and RECS. Through our Origination activities we provide our customers in the energy production with increased value, which paves the way for more trade with energy companies and companies wanting assurance that their power supply/consumption comes from renewable energy sources.

## // Realises current synergies and accommodates the markets of tomorrow

The very strength of Renewables – Origination lies in the way that it manages to create added value for our customers and Nordjysk Elhandel's activities within the company's well-established



**Creates added value for our customers and value for Nordjysk Elhandel...**



lished business areas. With its strong performance in 2011, the department has shown that with a dedicated effort within the area of Origination it is possible to realise valuable synergies, which currently contribute to the revenue and the earnings of Nordjysk Elhandel. Our active participation on the new markets and innovative products within Origination makes us among the absolute first movers that progressively contribute to the creation of the framework for future energy trading and possibilities for additional expansion of renewable energy and integration of renewable energy on market conditions. The continued expansion of renewable energy and the integration of renewable energy on the energy markets are of course in Nordjysk Elhandel's interest since it creates a natural demand for our competences within physical management and financial products. Thus, we see that the activities in Renewables – Origination con-

tribute to marketing Nordjysk Elhandel's overall business model internationally to new business connections and potential business partners.

### // A leader within LECs and direct structuring of GoOs

Nordjysk Elhandel is a leader in the Nordic countries within the British LEC system and clearly represents the majority of approved accreditations of wind turbines and CHP plants in Scandinavia. The sale of LECs create added value for several of our production customers. We have dedicated resources to implementing accreditations for LECs and our employees effectively carry out the formal processing of data from production units and all procedures relating to approval from the British regulatory authorities, Ofgem. In 2011, Nordjysk Elhandel sold a record number of LECs to the UK on behalf of our wind and CHP customers and we expect the trade in LECs to remain at the same level in 2012. 2011 was a breakthrough year with respect to sale and supply of GoOs. Especially in Germany, where climate and environmental responsibility has a high priority in a large part of the population, we have concluded a number of major business transactions in 2011 with local supply companies, 'Statwerke', and several large companies regarding delivery of GoOs. Nordjysk Elhandel's ability to structure the delivery of GoOs directly from the producers in our own database has proved to be a significant competitive advantage. Without intermediaries, brokers or other price-raising third parties, we are able to offer competitive prices for structured sale of GoOs and we can customise GoOs to the supply company's or the company's consumer profile and accommodate wishes for certain certificate standards or specific origins. We expect growth in our activities within GoOs trade. In order to actively contribute to the development of the markets, we have established cooperation with the interest organisation RECS International, which works to develop a pan-European market for renewable energy based on a harmonised information system as we know it from GoOs.

### // Origin on the British Isles

In 2011, Renewables – Origination facilitated the cooperation agreement with Opus Energy regarding trade and production balancing for wind power producers in the UK. The cooperation agreement is expected to ensure a good foothold on the British market where we see good possibilities for using several of our competences in 2012.



# An energy market specialist

As a direct result of a strategy process carried out in the late summer, the department Wholesale was established in connection with a reorganisation of Nordjysk Elhandel's sales and marketing functions. Wholesale replaces the department Sales Business to Business and takes over sales of financial products to the producers, reflecting a strategic upgrading of wholesale trade and portfolio management directed at energy companies, producers and large industries with a need for individual solutions and customised products. Wholesale was established in November 2011 but despite the department's short history it is off to a very promising start.

Based on the 'old' organisation of the areas of responsibility at Wholesale, 2011 was characterised by the cold winter and the Fukushima disaster. High price levels during the winter activated the producers, and many of them managed to make attractive hedge agreements, especially for the winter quarter of 2011. Due

to the falling price levels towards the end of 2011 more consumers chose fixed-price hedging rather than management agreements.

## // Focus on value

One of Nordjysk Elhandel's key strengths is our ability to act progressively to our customers' opportunities in the market. We have developed these competences through years of experience with increasing trading and management activities and development of systems for managing trade in flows. The value of these competences and our systemic set-up grow relatively larger with our customers' increasing exposure and trading activities in the markets. Therefore, it is natural for us to focus on the segment for trade with other energy companies, energy producers and the major industries, nationally as well as internationally, where our competences are most likely to be utilised. Strategically, Wholesale has been established to increase focus on the segment for major trading partners and customers and to gather trading with financial hedging and portfolio management agreements in one place where all relevant competences are present.

## // Dedicated to innovation and product and system development

Wholesale will play a key role in innovation and product development in cooperation with our customers/partners as well as internally at Nordjysk Elhandel. As everyone knows, risk and value are two sides of the same coin on the financial markets. The resources at Wholesale are composed so as to ensure that our customers' current market exposure is translated into the highest possible value within the framework of the individual customer's risk profile. The department unites resources with contact to our customers and knowledge of their wishes and needs and resources with competences within trade and management on the market. In addition, Wholesale will also work extensively with Options on product and business development with a view to creating individually structured financial solutions.

## // Special focus on systems and internationalisation

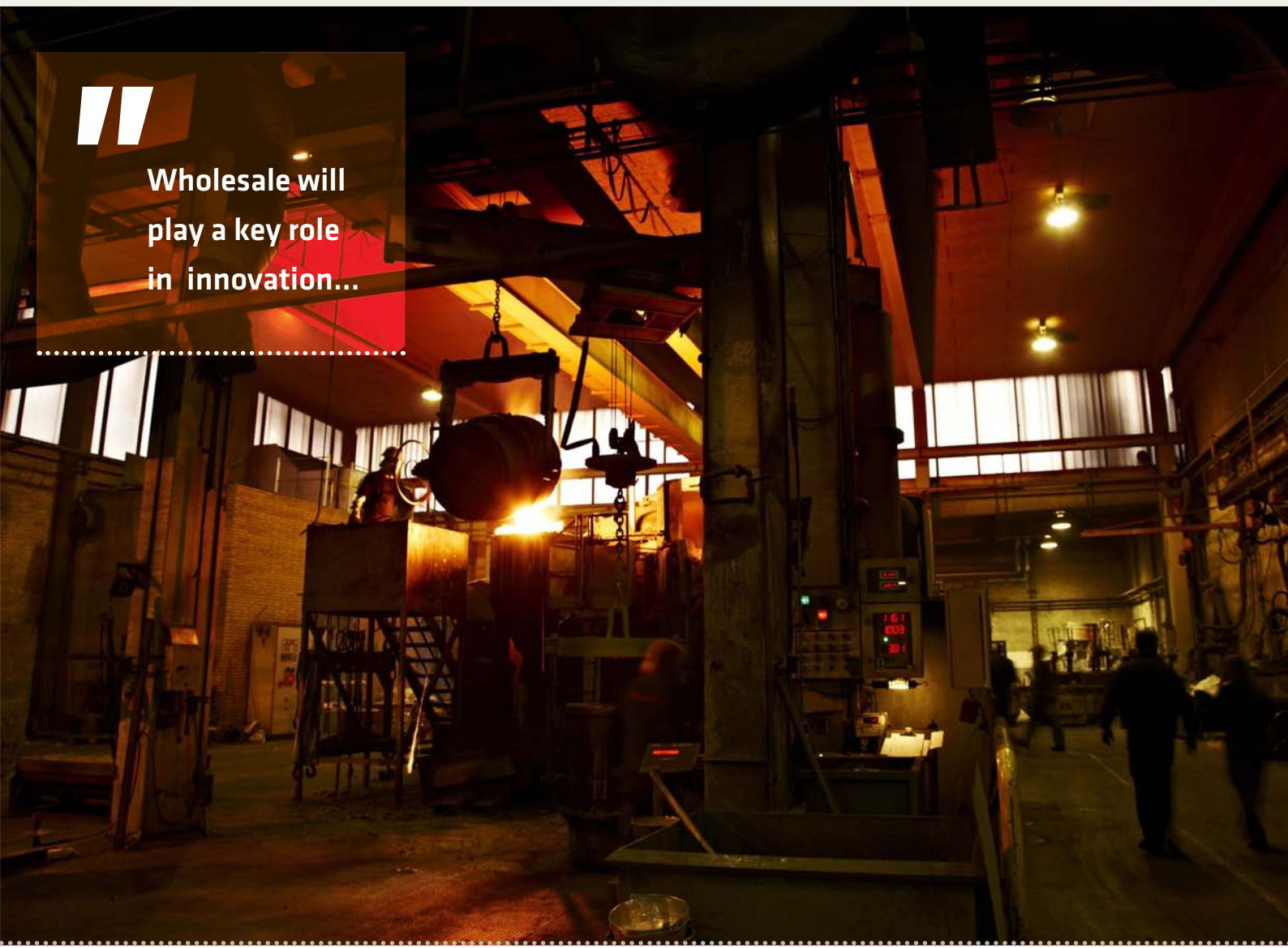
The development of IT systems is a high-priority area through-





out the company and an important asset for Wholesale. During 2011, our online trading portal 'NEAS Web Trader' was installed at several customers and partners. In 2012, Wholesale will increase its focus on marketing our customer-oriented IT systems for trading and risk management. NEAS Web Trader will be available in an updated version with even more functions which make it easy for the users to manage their purchase and sale of energy, and we will introduce an online pricing system aimed at external partners. The IT systems will ensure a high service level and the best possible overview and accessibility for our trading partners. Wholesale expects the number of users of NEAS Web Trader to increase significantly in 2012.

The goals for 2012 are to operationalise our competences to the benefit of new and existing customers. In addition, we will also focus on marketing complete solutions for all our existing customers. CHP producers, for example, may achieve quite substantial financial benefits by managing their exposures to purchase and sale of electricity, gas and CO<sub>2</sub> together. Therefore, a common denominator for Wholesale in 2012 will also be intensified sales and marketing efforts in order to increase knowledge of our solutions and demonstrate the value of Nordjysk Elhandel's trading and management agreements.



**Wholesale will  
play a key role  
in innovation...**



# Trade areas

A photograph of a high-voltage electrical substation. In the foreground, a metal fence with diagonal bars is out of focus. Behind it, the substation features several tall metal lattice towers supporting high-voltage power lines. Large insulators and metal structures are visible. The ground is covered in green grass. The sky is clear and blue.





OPERATIONS > 26

MARKETS > 27

OPTIONS > 28

TRADING > 29

CLIMATE > 30

# Systematised infrastructure paves the way for increased value

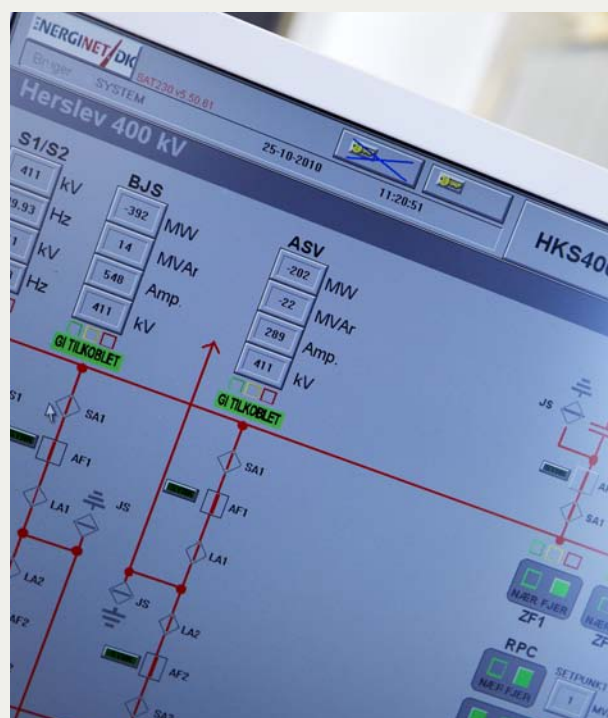
Operations combines all Nordjysk Elhandel's physical trading activities on the European markets with analysis and the operator functions. Operations is tasked with optimising the complex interaction between the very short trading with the physical scheduling and the balancing that we deliver to our production customers. With the acquisition of the company Utility North A/S (formal transaction carried out after the closing of the financial statements), Nordjysk Elhandel acquired a unique IT system for handling of intra-day, day-ahead trade across the European borders. Following effective adjustment and internal synchronisation, the NEXUS system was partially commissioned at Operations in December. The new IT system has resulted in significant streamlining, which increases the focus on value optimisation and eliminates operational risks. In practice, the system, which has been named NEXUS, handles everything from front-end to back-end in the operational process.

This means that our traders at Operations are able to focus on trading and making quick and well-informed decisions with a minimum of operational risk. On the back-office side, NEXUS eliminates manual work and automates reconciliation and reporting processes. Many manual processes have been eliminated as the system has been integrated with the rest of our trading and risk management system, databases and reporting and production optimisation systems.

## // Strong resources in a coherent department

To tie in with the new organisation at Operations, a new manager with international experience has been recruited (after the closing of the financial statements) for the department who will

be responsible for ensuring that Operations works as a coherent unit. Communication and interaction between the departments' competences (traders, meteorologists, analysts and operators) are crucial factors if Operations is to succeed in optimising the value of our own and our customers' positions and minimising risk of especially imbalances. Based on a strengthening of the department's resources and systemic set-up, we expect increased revenue and earnings at Operations in 2012.



## The trade area at NEAS

For a number of years, Nordjysk Elhandel has focused on developing a large competence apparatus for handling the company's and the customers' actions on the volatile and complex energy markets. The trade area consists of four departments each with their own specific focus – namely Operations, Markets, Options and Trading.



# The centre of flow trading

While Operations handles all physical flows, Markets focuses on the management of financial flows. All customer products are priced and hedged by Markets. In 2011, the energy markets became the centre of important events that have changed the fundamental market mechanisms forever. The newly established function Markets had its baptism of fire when the market was shaken to its core by the accident at the Fukushima nuclear power plant in Japan, and for the rest of the year the market had to find a new balance. The department has been off to a good start with strong performance within the management of customer-derived financial flows.



## A unique IT system for handling intra-day, day-ahead trade...

### // The market orchestrates the customers' patterns of reaction

The current market prices decide the purchase and sale recommendations that we give to the company's customers and partners. A low-price scenario, which dominated the autumn of 2011, will therefore trigger certain patterns of reaction in our customer groups. At Markets, this was reflected in the electricity producers' hesitancy during this period with respect to price hedging of production and their inclination towards financial price hedging of the base amount. Unusually, the large volatility on the market in 2011 was caused by a number of individual events such as the nuclear accident in Japan and Chancellor Angela Merkel's decision to close down a number of old nuclear power plants in Germany in order to phase out nuclear power, which has fundamentally changed the relationship between the pricing-fixing fundamentals on the European energy market.



# The key to customised solutions

In close cooperation with Markets, Options are co-creators on the product side. The deep insight into financial instruments is used constructively to put together the best possible solutions for the customers whether it is a CHP plant, a wind farm or an industrial enterprise.

The department has developed the front office system NE-POS, which enables the traders to quote several thousand option prices daily. In addition, the system allows for very detailed online risk management of the department's positions.

During 2011, Options assumed full responsibility for Nordjysk El-handel's total currency exposure and with strong competences within options as well as foreign currency it achieved good and fully satisfactory performance in 2011.





# Satisfactory result after a difficult start

Trading achieved a satisfactory result for 2011 through a strong comeback from a difficult initial position. A new strategy focuses on managed accounts and reduces heavy administration costs. This resulted in reasonable returns, but unfortunately we sustained a loss on the strategic long-term positions.

In connection with the sale of the shares in Nordjysk Elhandel A/S, NE Fondsmæglerselskab A/S was also acquired by NEAS Holding A/S. Asset management and proprietary trading have been insourced into Nordjysk Elhandel's Trading department, which was established as an independent department in May. The Trading strategy focuses on managed accounts rather than fund management, which reduces administrative expenses in the trading function. In 2011, a major international institutional investor was added to Trading, which delivered a satisfactory return on the account of 14.69% (exclusive of administrative expenses) for 2011.

## // Strong result based on unpredictable events in the market

The conditions for trading on the energy markets in 2011 were rather unusual. Volatility was high and there were many price movements on which to act, but these movements were more often than usual caused by extraordinary factors such as natural disasters (and the resulting confrontation with nuclear power), geopolitical unrest, the debt crisis and major weather changes (see the description in the year in brief). In view of the difficult trading conditions, Trading's result for the year is deemed satisfactory. The department's performance reflects our fundamentally strong team within Nordic and continental power trade.

## // Stability and consistency guarantee results

A quick and unforeseen change in weather over the New Year surprised almost all market players, including our Trading department, and created a difficult basis for the rest of the year. With a high degree of stability and consistent pursuit of the department's strategy, we managed to turn the situation around and achieve an overall satisfactory result.

## // Increasing return goals

Based on a continued very positive track record, Trading will in-

crease the marketing of the department's managed account solution in 2012 in order to obtain additional external capital. An offer consisting of an asset class that does not correlate with the other traditional investments and has a return goal of 15-25% p.a. based on a long track record should be an interesting product. With respect to trading strategy, Trading will continue to focus on the Nordic and continental European power markets, which are Trading's core competence. In 2012, the department will increase the diversification of exposures on several energy markets, including natural gas, CO2 and crude oil.





# Positive result despite negative market development

Due to the lack of political concord on a global climate agreement and the economic crisis in the EU, the carbon markets lost a lot of ground in 2011. Especially in the second half of 2011, the prices of EUA quotas and CER credits fell dramatically and impacted the activities in Nordjysk Elhandel's Climate department significantly. However, Nordjysk Elhandel has succeeded in using

falling quota/credit prices to strengthen the company's liquidity position by millions through advancement of cash flows in the climate portfolio. In the financial statements, this action created a one-time cost of approx. DKK 37 million. Overall, the development in 2011 is considered very satisfactory for Climate.



**Most of the CDM project portfolio is now registered with the UN...**





### // Large new project in Moldavia and UN registration of project in the Ivory Coast

In 2011, Nordjysk Elhandel entered into a major CDM project in Moldavia, the purpose of which is to reduce emissions from the distribution of natural gas. The project owner is the company MoldovaGaz, and the project is under validation with registration scheduled for 2012. In June, a large CDM project in the Ivory Coast was registered with the UN. The project will reduce the emission of greenhouse gasses from a very large refuse dump in the village of Akouedo near the capital of Abidjan. One of the distinguishing features of the project is that it has a strong local base in the form of both financing and involvement of the local population in a parallel CSR programme. With the registration of the project, which is expected to reduce 437,621 CO<sub>2</sub> equivalents annually, most of the CDM project portfolio is now registered with the UN. A purchase agreement has also been concluded with Wilmar International Limited for credits from two CDM projects. Singapore-based Wilmar is the world's largest wholesaler of palm oil, and the two biogas projects are carried out on two oil mills in Malaysia, which are owned by Wilmar Int. Ltd. In addition, an agreement has been concluded regarding purchase of credits from Anson Oil Mill, which is also an oil mill in Malaysia. Finally, a purchase agreement has been concluded with the infrastructure company IL&FS regarding two waste management projects in India. As early as 2010, Nordjysk Elhandel initiated cooperation with IL&FS, which now comprises six CDM projects.

### // Establishing a separate company for climate activities

In 2011, there was a tendency for players to either close down or scale down their activities within trade in emissions and CDM.

At Nordjysk Elhandel, we still see a great potential for developing the projects in the climate portfolio. In December 2011, Nordjysk Elhandel's climate activities were spun off into an independent company, NE Climate A/S. The company is an affiliated company of Nordjysk Elhandel and was established in order to dedicate resources to the climate area. NE Climate is geared towards continuing the work on implementing existing and identifying new projects, and the company has some very competent resources with a unique global network within CDM and expertise within project development that can be operationalised on other and new carbon and energy markets. We believe that it should cost money to emit CO<sub>2</sub>, and we are still convinced that the market-based mechanisms are the most effective way of reducing global emissions of greenhouse gasses.

NE Climate's strategy for 2012 aims primarily at further development and management of the existing portfolio. In addition, the company will keep an eye on the market prices, new projects and any possibilities for purchasing CERs from projects that are registered or will be registered before the end of 2012. In cooperation with Nordjysk Elhandel, there are also plans for stepping up sales and marketing efforts with respect to trade in and management of quotas and credits.



# Quick response and maximum value with minimum risk through IT development

The ability to respond quickly to new opportunities on the markets in which we operate is a central competition parameter for Nordjysk Elhandel. A quick response and effective and flawless management of the underlying operational/administrative processes require effective IT systems. The challenge is that many new markets and products are not supported by standard IT solutions, and therefore in-house development of systems is the only way to obtain system support and thus effective operational management, risk management etc. In-house development of IT systems gives Nordjysk Elhandel the flexibility needed to respond quickly and effectively to new opportunities on our markets. At the same time, the development of IT systems has an important function with respect to consolidating knowledge and cognitive resources systematically. Development and maintenance of knowledge are crucial for Nordjysk Elhandel, and strategically IT systems are the most effective and durable way of

consolidating the knowledge and competences of our employees. Also, the fact is that in-house development of IT systems may be the only possible approach to new markets. Very often, there are no systems capable of supporting trade and controlling on the new markets, and therefore our own systems have to ensure that we can operationalise the sudden opportunities we identify. The latest example of this is trade and management of certificates on the Swedish/Norwegian electricity certificate market, and with the growing number of market-based subsidies and certificate markets it will also be an important IT development task in the future.

## // Value for our customers and digitalisation of knowledge

In 2011, IT development was established as an independent department at Nordjysk Elhandel with the clear objective of developing the best systems for physical and financial energy management on the market. During the year, considerable resources were allocated to the department, and a very structured process was implemented for IT development and projects relating to IT development to ensure adequate and effective development processes. The establishment of an independent IT development department is based on a strategy of insourcing IT development. At the same time, Nordjysk Elhandel has achieved several commercial IT successes in recent years – which is illustrated by the following examples of systems.

NEXUS is a purchased system that has been further developed internally for management of intra-day trade, day-ahead trade and scheduling. The system has eliminated Excel spreadsheets and replaced manual procedures so that our traders can focus on what is important – the market and the income generated there. In addition to increased focus on the market, NEXUS has contributed to reducing operational risks while at the same time reducing dependency on individual persons.



PBAS is Nordjysk Elhandel's first case of in-house IT development. The system development started in cooperation with the supplier and was then insourced. The system has been developed for managing local CHP plants, primarily for managing the approx. 180 plants that we manage today. The system is designed so that our operator, who monitors the plants (and wind turbines) 24 hours a day, has as few manual processes as possible. PBAS is a very valuable tool for our customers since PBAS gives them access to tools for planning their production and optimising earnings from their production apparatus across production units. In 2011, an updated version of PBAS was released with even more functions for optimising heating and power production, including preparation for management of flow temperatures.

WIT is an in-house developed system for support and administration of the sale of power to our customers through automatic processing of pricing, offers and contracts. The system, which has been in operation since 2010, is being further developed specifically for the wholesale segment where the system is an effective and easily accessible tool for purchase and administration of trades as well as reporting.

Webtrader is an internet-based trading platform developed by Nordjysk Elhandel. NEAS Webtrader gives our customers access to independent trading and an up-to-date overview of trades and exposures as well as reporting. With NEAS Webtrader our customers avoid the heavy costs of trading on the stock exchange, and they can fully or partly manage their purchases and sales of power themselves.





Knowledge about energy management and the many aspects of producing or consuming energy on market conditions is Nordjysk Elhandel's key competence. This knowledge is the basis on which we can create value for our customers and partners. To ensure the right conditions for continued development of knowledge and that the existing knowledge becomes rooted in the company, it is a high priority for the Board of Executives that structured efforts are going into managing knowledge at Nordjysk Elhandel.

### // Knowledge as capital

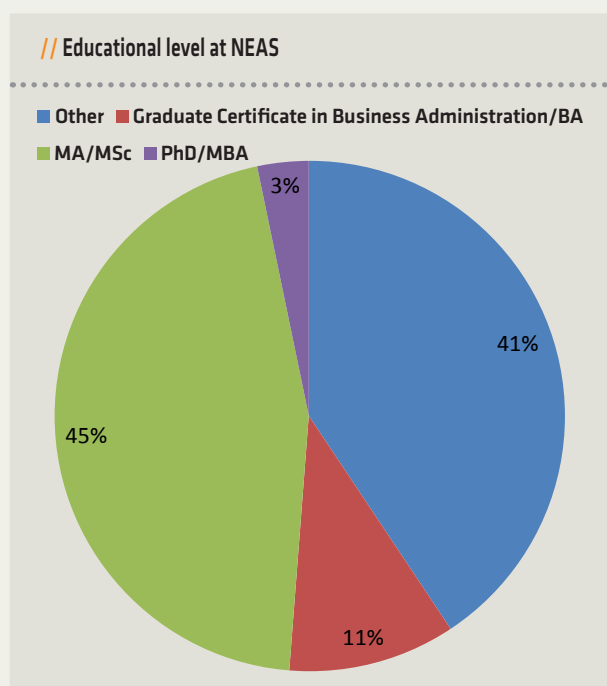
Within knowledge accounts, knowledge is often described as capital or an asset where a distinction can be made between human capital, structural capital and financial capital. There is no clear definition of when knowledge can be categorised as one or the other asset. However, for Nordjysk Elhandel the terms for knowledge as capital help to illustrate the value of knowledge and organise our management of knowledge in the company.

Human capital is the value of the competence, skills and knowledge that individuals have for the company and it comprises the value of personal knowledge and commitment, which are important for companies wanting to become flexible and decentralised. Flexibility is a crucial competence and an important competition parameter on the energy market, and human capital is therefore a central and critical resource for Nordjysk El-

handel. A lot of knowledge is held by individual persons and specialists, and therefore the management makes a great effort to ensure that our resources are able to translate their knowledge into measurable results and reward employees who display the requested initiative.

Knowledge as the structural capital is about the value of the procedures, technologies, routines and systems that we develop at Nordjysk Elhandel. It is our infrastructure and all the knowledge that is rooted in products, concepts, IT systems and the company's image etc. In recent years, a targeted effort has been made to strengthen Nordjysk Elhandel's structural knowledge. In particular, considerable efforts have gone into the development of IT systems (read the theme about IT development) and the construction and automation of processes that increase the speed of knowledge management and reduce the risk of loss of knowledge related to individual persons.

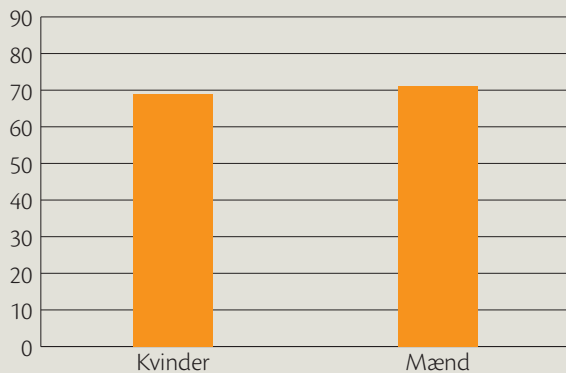
Thus, in theory, knowledge as financial capital is the economic quantitative output of the interaction between human and structural capital as expressed in Nordjysk Elhandel's financial revenue and earnings. At Nordjysk Elhandel we have never before worked in such a structured manner with knowledge management as we did in 2011. A major reorganisation has been carried out based on a wish to ensure maintenance of knowledge and the strongest possible environment for knowledge development, and strategically we have worked to define future business drivers to ensure that the right resources are dedicated to the development and operationalisation of the high level of knowledge for new products and on new international markets. For a number of years, it has been a declared mission at Nordjysk Elhandel to invest in competence accumulation. As a result of this, we now have a young and dynamic organisation. The average age is 36, the level of education is high and we strive to give talents the opportunity to develop their professional competences and creative skills to build valuable solutions for our customers and for Nordjysk Elhandel.



### // HR focuses on development opportunities

The HR function naturally has an important role in the management of knowledge at Nordjysk Elhandel and directly related tasks such as employee development, working environment and recruitment. With respect to the interaction between employee development and working environment, the intention is for Nordjysk Elhandel to function as a matrix organisation where work is carried out across the different departments. The matrix

## // Employee distribution



organisation should make it easier for us to use our resources in the best possible way and help us gain internal knowledge-based synergies. Another principle practised by our HR department is internal job rotation. We want to offer our employees the opportunity to change and try new jobs/professions in order to exchange and develop own knowledge resources internally. At the same time, internal job rotation is a good way of retaining employees by giving them new challenges. For new graduates we have launched several successful traineeships, and many of our trainees have become integrated in the company. In the future, HR plans to offer even more traineeships and based on experience gained from the completed traineeships a tested trainee-

ship model has been established. In the same way, we have often accepted students as semester trainees in order to have a specific subject studied but also to challenge our routines and existing way of doing things. In the future, the idea is to attract even more foreign students as semester trainees as they are often able to bring input and inspiration for the ongoing internationalisation of Nordjysk Elhandel's activities.

## // Work-life balance

The concept of work-life balance has become very popular in recent years as a concept for prioritising and organising work and personal life. By offering flexible working hours and a home workstation to nearly all employees, Nordjysk Elhandel wants to enable the individual employee to organise his/her work so as to achieve a work-life balance. We are also recruiting more and more employees from other parts of the country or from abroad, and we see it as particularly important to ensure that the spouse becomes established in North Jutland as this is an important prerequisite for a good work-life balance. To this end, we have participated actively in the establishment of a 'Spouse job bank' together with Erhverv Norddanmark. In addition, we have one of Denmark's indisputably best canteen arrangements with breakfast and lunch and the option to buy meals to take home to the family for dinner. We offer physical check-ups, ergonomic advice, massage and lots of employee benefits within physical exercise. We even have a very active staff association, which organises a number of activities to promote social relations.



# Risk management is the cornerstone of our business model

A significant part of the profit that we generate for our customers and the company is created through management of risks on the energy markets. The energy markets, and especially trade in power, are characterised by great volatility. As a trading company for a broad portfolio of customers within production as well as consumption, Nordjysk Elhandel manages large exposures on the energy markets on a daily basis. This makes risk management an absolute cornerstone of Nordjysk Elhandel's business model. Portfolio management for our customers and risk management of our exposures are top priority functions.

## // Risk organisation

Nordjysk Elhandel's rules of procedure are prepared in accordance with Danish legislation and they are crucial for planning risk management and the authority policy in the group.

The Board of Directors lays down and approves the overall risk policy and the Board of Executives is responsible for the day-to-day management and risk management of the group. Operationally, the group's risk policy is managed and enforced by Risk Management, which is organised as a middle and back-office function. One of the responsibilities of back office is to check all trades made on the exchanges and with bilateral counterparties. Middle office has the day-to-day operational responsibility for monitoring the observance of the risk framework of the business centres. Each week, Risk Management provides the Board of Directors with a report on the results and exposures in relation to the allocated risk framework for all the group's active trading activities. A similar report is presented to the Board of Executives daily.

## // Board of Directors

The Board of Directors is responsible for ensuring that the group's risk management is managed and organised in the best possible way. The Board of Directors makes decisions about the general principles for managing and monitoring risks, and once a year it considers and issues new risk and authority policies. This is done in Nordjysk Elhandel's rules of procedure in which the

Board of Directors actively considers which risks the group must necessarily take – and which risks it should not necessarily take – for the purpose of creating added value for the group's shareholders. Regular reporting enables the Board of Directors to check whether the overall risks and authorities are observed and whether they continue to meet the group's requirements.

## // Board of Executives

The Board of Executives is responsible for the day-to-day management of the group and prepares specific risk instructions and monitors the group's risk management in practice. The Board of Executives is responsible for ensuring that the group's risk exposure is reported to the Board of Directors and for approving credit applications up to a defined limit. It is the Board of Executives' responsibility to continuously keep track of risks across the group, including the cooperation with Risk Management and the business centres on the one side and major customer relations or trade agreements on the other.

## // Risk Management

Our Risk Management department has the day-to-day and operational responsibility for reporting and managing risks according to the guidelines in the risk policy laid down by the Board of Directors and the risk instructions specified by the Board of Executives. This function is also responsible for continuously checking that the risk management systems are developed concurrently with the business development and that they are generally up-to-date. Risk Management and Finance are responsible for ensuring that business procedures within administration and accounting at Nordjysk Elhandel are satisfactory, that there are written business procedures for all activity areas, that appropriate internal control procedures are in place and that the use of IT is in accordance with the approved controls.

The risk controllers are responsible for follow-up and reporting and for ensuring compliance with the risk policy and receive all important documents from exchanges, brokers and counterparties.







### // Capital management

The purpose of capital management at Nordjysk Elhandel is to support the group's business strategy and to ensure that the group has sufficient capital to realise our customers' structured trades independently of the price scenario on the market and the group's other exposures. In addition, capital management must ensure that the statutory capital requirements are observed. At the end of 2011, the group's capital base in the form of equity amounted to DKK 381 million.

The basis for capital management is developed over time and assessed continuously in relation to international guidelines and best practice recommendations. Nordjysk Elhandel closely follows new national and international initiatives that may be of importance to the group's capital and the basis of the capital management. Capital management also comprises liquidity risk, which consists in inadequate liquidity preparedness to meet payment and guarantee obligations to counterparties and customers.

Nordjysk Elhandel always focuses on having sufficient equity together with borrowed capital to ensure adequate liquidity and guarantee preparedness. The management of the liquidity and guarantee preparedness is subject to three different time frames:

- Long-term time frame – When planning the business development and strategic initiatives, the Board of Directors and the

Board of Executives assess the impact of this on the liquidity and guarantee requirement while also assessing the best combination of equity and borrowed capital.

- For the medium-term time frame, which usually covers the forthcoming budget period, the Board of Executives and the finance function assess whether the current liquidity and guarantee situation is adequate to contain the expected customer-derived trades foreseen in the budget.
- For the short-term time frame the finance function prepares a liquidity budget every other week, which also includes a stress test of the guarantee requirement for the period.

### // Credit risk

Credit risk is defined as the risk of suffering a loss due to the counterparty's inability to fulfil its obligations. The majority of the company's energy trading is conducted using standard contracts on various exchanges, which eliminates the counterparty risk. The situation is different when trading bilateral contracts where the creditworthiness of counterparties must be rated before a trade is executed. The Board of Executives has the overall responsibility for the credit processes within all the business areas of the group. Credit management is based on the guidelines and policies laid down by the Board of Directors of the group. The operational credit management is based on a credit rating process that specifies some pre-set rules and guidelines applica-

ble to all customers and known and accepted by all relevant units at Nordjysk Elhandel as part of their work basis.

Risk Management and Billing are responsible for managing credit risk. Billing must limit outstanding amounts as much as possible to minimise cash tied up in debtors and thus generally minimise the risk of bad debts. As a main rule, our sales functions are responsible for covering the credit risk associated with customers, and it is a clear principle of our risk policy that the sales effort should concentrate on customers with the lowest possible credit risk.

Thus, our Risk Management department is responsible for the operational management of the company's credit risk and for ensuring that the procedures for granting of credit are sound and that the necessary systems for managing the company's and the customers' overall credit risk are updated at all times. Risk Management also has the overall responsibility for ensuring that the risk associated with all new and existing counterparties is assessed on an ongoing basis and for managing the counterparties' credit maximum and credit conditions. With respect to monitoring, Risk Management ensures a correlation between the customers' creditworthiness and the assigned powers and loan-granting authority. The Board of Executives receives ongoing reports on the extent of the credit risk.

### // Market risk

At Nordjysk Elhandel we generate revenue and profit by managing our customers' sale and purchase of energy and managing the risk involved in exposures on the energy markets. Market risk means that the value of the company's open positions can change as a result of price changes in the market. The responsibility for control and reporting of market risk lies with Risk Management within the boundaries set by the Board of Directors. Market risk is handled and monitored in the ELVIZ system. Market risk exists primarily in the company's trading functions at Markets and Operations. Market risk is monitored online on weekdays where trading is carried out at the company's most significant marketplaces. The market risk distributed on our different trade areas has permanently defined stop loss and exposure frameworks for each financial year.

### // Operational risk

In recent years, Nordjysk Elhandel has devoted many resources to developing IT systems and internal working procedures that mini-

mise the risk of direct and indirect losses as a result of inadequate or faulty internal processes. For example, Nordjysk Elhandel has developed a pricing and control system that streamlines heavy operative processes. With respect to management of operational risks, Nordjysk Elhandel has major focus on ensuring that the employee who performs a transaction and the employee who performs control are in separate departments thus minimising the risk of error or fraud. The company employs an internationally recognised risk management system (ELVIZ), which enables the Risk Management department to monitor market risks online.

IT security is a significant factor in relation to risk management. Therefore, the company's IT policy details security precautions, division of responsibility and emergency plans in the event of partial or complete loss of access to IT systems.

### // Volume risk

Volume risk is defined as the risk that the customer does not purchase or produce the agreed amount of energy and where Nordjysk Elhandel bears the associated risk. This risk is always estimated and priced prior to conclusion of the agreement with the customer. Using advanced hedging strategies and constant monitoring, the company seeks to minimise such volume risk on an ongoing basis.

### // Knowledge risk

Nordjysk Elhandel is characterised by having a number of employees with special knowledge and unique competences within the individual business areas. Loss of employees and thus competences is a latent risk for the company. Therefore, we make a great effort to attract and retain key employees. The terms of employment must be attractive and in conformity with the market. This also means that they must include elements of performance-based remuneration that reward employees who turn their knowledge into good business. At the same time, we want to offer these employees an inspiring professional working environment with ample opportunity for development and responsibility. See also the theme about knowledge on page 34.

### // Priorities for 2012

In 2012, we will continue the development of risk measures. For example, we have initiated the development of a number of sensitivity measures that will strengthen the focus on worst-case considerations and scenario analyses. This work will primarily be carried out using in-house developed systems.



# Progressive and business-driven corporate responsibility

At Nordjysk Elhandel, we are constantly working to improve the group's impact on social conditions and climate and environmental conditions. The group's CSR policy (Corporate Social Responsibility) is based on the UN Global Compact's 10 principles for social and environmental responsibility. The CSR policy has been approved by the Board of Directors and comprises the entire group. Nordjysk Elhandel has been committed to the UN Global Compact since 2008. It is a recurrent element in our CSR policy that the group gives high priority to exercising business-driven CSR and that several of our business areas in themselves contribute to the transition to more renewable energy and reduced CO<sub>2</sub> emissions. Among other things, this is achieved by constantly working to increase the profitability – and thus competitiveness – of our customers' production of renewable energy and by actively and progressively operating on new markets to promote the basis for more renewable energy and the spread of the low-carbon economy. Nordjysk Elhandel's opportunity to help shape tomorrow's energy and climate markets is based on social competences. Competent employees with considerable knowledge, visions and innovative power are the main reason that the group has created very strong market positions within renewables and climate where our CSR policy goes hand in hand with good business.

## // CSR policy

Nordjysk Elhandel continuously develops and adds new elements to the company's CSR policy. The basis is our company-specific interpretation of the UN Global Compact's 10 principles for social and environmental responsibility within internal as well as external focus areas.

## // Internal focus areas

Nordjysk Elhandel offers all employees excellent opportunities for professional and personal development. We are committed to ensuring proper treatment of all employees and to guaranteeing flexible working conditions that ensure a balance between their work and personal life. Nordjysk Elhandel is focused on re-

cruiting managers and employees who support the company's values in respect of competence accumulation and innovation throughout the organisation.

## Diversity

Nordjysk Elhandel does not discriminate on the basis of sex, race, colour, religion or faith, political opinion, sexual orientation, national, social or ethnic origin, age or disability. Nordjysk Elhandel aims to ensure that there is no discrimination in connection with recruitment, dismissal, transfer, promotion, remuneration, working conditions or training.

All decisions relating to recruitment, promotion, dismissal, remuneration and other working conditions are based on relevant and objective criteria. Diversity is an important and necessary characteristic of Nordjysk Elhandel, which enables the company to function under a variety of changeable conditions. Discrimination is seen as an unacceptable social principle and a barrier to the company's business development.

## Health

Nordjysk Elhandel aims to help promote the general health of its employees. This is to be achieved by improving health conditions for employees in terms of a good working environment and initiatives aimed at promoting a healthier lifestyle and greater well-being among the company's employees. Good health is essential for our employees' well-being, at work and during leisure.

Employees at Nordjysk Elhandel are offered a health check-up, and a number of exercise options are available at the workplace and outside. The company encourages its employees to participate in events that combine social interaction and exercise such as company soccer, relay race etc. The company's headquarters in Aalborg have an award-winning canteen with full-time kitchen staff who put together a menu and buffet according to

healthy diet principles and featuring a wide selection and variation, making it possible for employees to eat healthy at work.

### Knowledge

Nordjysk Elhandel is very much a knowledge-based company, which has appointed specialists to fill key positions. Attracting and retaining capable employees has very high priority. We therefore want to actively accumulate and maintain knowledge resources among company employees by stimulating a knowledge-based working environment, dedication to a high degree of professionalism and skills development.

Nordjysk Elhandel will contribute to each employee's career development, and talented employees will be regularly coached to ensure job satisfaction and adequate challenges. Our exten-

sive innovation activities are also actively used in the development of talented employees and the company aims to nurture interdisciplinary cooperation and expand collaboration with scientific institutions and relevant interest organisations.

### Climate

Nordjysk Elhandel's total consumption of energy is CO<sub>2</sub> neutral. The group's consumption of power is ECCS certified wind power, and CO<sub>2</sub> emissions that can be directly attributed to the group's property are neutralised through cancellation of approved CO<sub>2</sub> credits. See Climate accounts below.

In our facility management we are constantly striving to limit our energy consumption through energy savings and improvement of energy efficiency.



## // External focus areas

### Customer relations

Nordjysk Elhandel wants to have long-term and mutually profitable customer relations. Customers must be treated with respect in all situations – and with respect for the individual customer's situation and needs. We want to offer existing as well as potential customers the best possible service and we will exercise good business ethics in connection with consultancy and customer relations in general. All customer groups must be guaranteed easy access to Nordjysk Elhandel's services and we aim to achieve permanent and a high degree of customer satisfaction.

### Development of market and society

Nordjysk Elhandel wants to contribute to society through development of the energy markets towards increased liberalisation, more renewable energy and less CO<sub>2</sub> emissions. We also want to contribute and commit ourselves to the development of society on a cultural and social level, for example through sponsorships and support for various cultural and social events.

### Knowledge and innovation

Nordjysk Elhandel will work to contribute to knowledge development and competence accumulation within the energy area. The organisation and regulation of the energy markets, energy supply and energy infrastructure are closely connected to science and political decisions. Nordjysk Elhandel will work actively to develop the 'energy of the future' through cooperation with educational and research institutions and the political system.

### Climate

Nordjysk Elhandel has a strong focus on climate. We must have a progressive approach to the global climate challenge that combines accountability and business development. We work actively to reduce the company's own environmental and climate impact, and we have developed a business area for the company's voluntary climate commitments.

### Anti-corruption

Nordjysk Elhandel's climate project development activities under CDM will continue to be expanded and will focus on development in LDCs (Least Developed Countries), where corruption can also be a real problem. In line with the principles of the UN Global Compact, no Nordjysk Elhandel employee may give or

receive unjustified benefits to/from Danish or foreign public or private sector employees. Nordjysk Elhandel will follow and enforce Danish legislation in accordance with the European Council corruption convention and OECD convention on combating bribery in international business transactions.

### CSR results

Where the results of our domestic CSR work should ensure well-being, health and diversity in the workplace, the situation is very different in, for example, the Ivory Coast where we have taken the initiative to a major CSR programme, which is carried out in conjunction with a CDM project. The programme involves several parties, including the local population in the village of Akouedo and the NGO CARE International, which will act as coordinator in connection with the implementation of the programme. Initially, measures for protection against malaria have been taken and the overall CSR programme, which will run for 10 years, is under development and will be initiated as soon as the CDM project starts to generate CER credits.

### Climate accounts

Nordjysk Elhandel is a pure trading company without energy intensive production facilities. Nevertheless, we still want to prepare climate accounts for the group's energy consumption at our headquarters in Aalborg. While in 2010 we stated emissions on the basis of monetary value, we will use the physical volume, i.e. the consumption of power and district heating, in the climate accounts for 2011. To be able to continue to state our climate impact in a cost-efficient manner and reduce emissions, we restrict our climate accounts to the consumption of electricity and heating.

### Consumption figures for Nordjysk Elhandel:

	2011	2010
District heating	6,738 M3	9,781 M3
Electricity	473,264 kWh	485,960 kWh

Compared to our consumption in 2010, there has been a significant reduction of our heating consumption, which can also partly be attributed to a generally warmer winter in the consumption year 2011. The electricity consumption at our headquarters has dropped marginally.

An important reason for the group's limited emissions is our purchase of wind power for the headquarters. The emission factor



from wind power is significantly lower than the emission factor of 558g CO<sub>2</sub>/kWh for the traditional Danish electricity mix. The purchase of GoO-certified Danish wind power corresponds to the total electricity consumption for 2011 of 473,264 kWh. With respect to the consumption of heating, we are favoured by the location in Aalborg where district heating is produced at Nordjyllandsværket, Reno Nord and Aalborg Portland. The production of district heating at the latter is CO<sub>2</sub> neutral. According to recent information, the production of district heating at Reno Nord and Nordjyllandsværket emits 3.7 kg of CO<sub>2</sub>/m<sup>3</sup> district heating.

The consumption of district heating in 2011 is CO<sub>2</sub> neutralised through cancellation of voluntary emission reductions – VERs – from the Shimba Hills National Reserve project in Kenya. The project involves replacing the population's existing fireplaces with simple energy-saving stoves, which will reduce CO<sub>2</sub> emissions by 50% as the stoves only require half the amount of firewood. Nordjysk Elhandel's website includes a film about the project for anyone who is interested -<http://www.neas.dk/privat/el/klimastr%c3%b8m/shimba+hills+projektfilm>





## Statement by the Board of Directors and Board of Executives

On this day, we have considered and approved the Annual Report for the financial year 1 January 2011 – 31 December 2011 of Nordjysk Elhandel A/S.

The Annual Report has been presented in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*).

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the group's and the company's assets, liabilities and financial position and of the results of their activities and the consolidated cash flows for the financial year 1 January 2011 – 31 December 2011. It is also our opinion that the management's review provides a true and fair account of the factors covered by the review.

The Annual Report is hereby submitted for approval by the Annual General Meeting.

Aalborg, 24 May 2012

### THE BOARD OF EXECUTIVES



Bo Lyng Rydahl

### THE BOARD OF DIRECTORS



Eigild B. Christensen



Michael Dreisler



Bo Lyng Rydahl



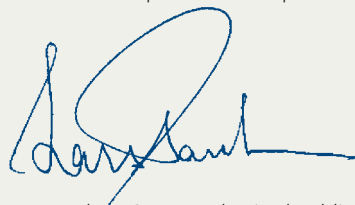
Susanne Dreisler



Ulrik H. Christensen

### CHAIRMAN

The Annual Report has been presented and approved at the Annual General Meeting of the company on 24 May 2012.



Lars Poulsen, State-Authorised Public Accountant



## Report regarding the consolidated financial statements and the financial statements

### // To the shareholders of Nordjysk Elhandel A/S

We have audited the consolidated financial statements and the financial statements of Nordjysk Elhandel A/S for the financial year 1 January 2011 – 31 December 2011, comprising the accounting policies, income statement, balance sheet, cash flow statement and notes. The consolidated financial statements and the financial statements are prepared in accordance with the Danish Financial Statements Act.

### // The Board of Directors' and Board of Executives' responsibility for the consolidated financial statements and the financial statements

The Board of Directors and Board of Executives are responsible for the preparation and fair presentation of consolidated financial statements and financial statements in accordance with the Danish Financial Statements Act. The Board of Directors and Board of Executives are also responsible for the internal control necessary for the preparation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

It is the auditor's responsibility to express an opinion on the consolidated financial statements and the financial statements based on our audit. We have conducted our audit in accordance with international auditing standards and additional requirements of Danish audit legislation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements and the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence of the amounts and disclosures in the consolidated financial statements and the financial statements. The audit procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement in the consolidated financial statements and the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the group's and the company's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circum-

stances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Board of Executives, as well as evaluating the overall presentation of the consolidated financial statements and the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit has not resulted in any qualifications.

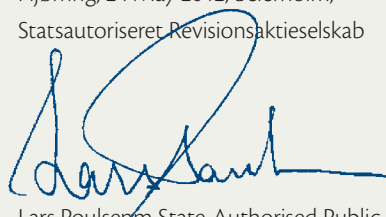
### // Opinion

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2011 and of the results of their activities and cash flows for the financial year 1 January 2011 – 31 December 2011 in accordance with the Danish Financial Statements Act.

### // Statement regarding the Management's Review

We have read the management's review as required by the Danish Financial Statements Act. We have not performed procedures additional to the audit of the consolidated financial statements and the financial statements. Against this background, we believe that the information provided in the management's review corresponds to the consolidated financial statements and the financial statements.

Hjørring, 24 May 2012, Beierholm,  
Statsautoriseret Revisionsaktieselskab



Lars Poulsen State-Authorised Public Accountant



Per Lindholt, State-Authorised Public Accountant



Dorthe Mikkelsen, State-Authorised Public Accountant





### // GENERAL

This Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act for large class C companies.

The accounting policies have been applied consistently with last year.

#### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses including depreciation, amortisation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when future financial benefits are likely to accrue to the company and the value of such assets can be reliably measured. Liabilities are recognised in the balance sheet when they are probable and can be measured reliably. Upon initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each item.

Predictable losses and risks arising before the date of presentation of the financial statements and the facts that confirm or rebut circumstances and conditions existing at the reporting date are taken into consideration upon recognition and measurement.

### // CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements cover the parent company and its subsidiaries, in which the parent company holds more than 50% of the voting rights.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements are a compilation of the audited financial statements for the parent company and subsidiaries, and income, expenses and outstanding balances internal to the group have been eliminated.

Recently acquired companies are recognised in the consolidated financial statements from the date of acquisition. Comparative figures are not adjusted for recently acquired companies.

The acquisition method is used when a new company is ac-

quired, such that its identifiable assets and liabilities are measured at fair value on the date of acquisition.

The cost of the equity investment in the acquired companies is offset by the proportional share of the fair value of the subsidiaries' net assets at the time the group relationship is established.

### // FOREIGN CURRENCY AND HEDGING TRANSACTIONS

The Annual Report is presented in Danish kroner (DKK).

Foreign-currency transactions are translated into Danish kroner throughout the year at the rates of exchange ruling on the transaction date. Hedged transactions are recognised at the hedged or calculated exchange rate, taking into account the currency interest differential over time. Receivables and liabilities denominated in foreign currencies are translated into Danish kroner at the rates of exchange ruling on the balance sheet date. Hedged amounts are recognised at the hedged or calculated exchange rate, taking into account the currency interest differential over time. Realised and unrealised translation gains and losses are recognised in the income statement under financial items.

### // DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised at cost upon initial recognition and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in receivables or liabilities, respectively.

Changes in the fair value of derivative financial instruments which do not qualify as hedging instruments under the hedging criteria are recognised in the income statement under revenue.

### // INCOME STATEMENT

#### Revenue

Income from the sale of energy is recognised in accordance with the delivery principle, such that income is recognised as and when delivery takes place.

Income from the sale of services is recognised linearly, as and when the services are delivered.

Profits/losses from trading activities are recognised as ascertained and open positions are adjusted to the closing price on the reporting date.

Sales contracts for the physical delivery of electricity and gas are recognised upon entry at cost as a counter item to the financial purchase contracts. Hence, the profit on contracts with physical delivery is recognised as and when deliveries are made. Open positions on financial contracts are adjusted to fair value at the reporting date, and the adjustment is thus recognised in the income statement. This is done to ensure the correct accrual of contracts and, with reference to section 11(3) of the Danish Financial Statements Act, to give a true and fair view.

The value of concluded agreements with owners of climate projects (CDM) is recognised by the estimated number of climate credits (CER) taking into account the assessed risks associated with registration and delivery for the individual project. Climate credits are calculated at the non-discounted fair value (market price at ICE). Incurred and estimated non-discounted project costs throughout the delivery period are charged to the income statement.

With reference to section 96 of the Danish Financial Statements Act, segment disclosures are not presented, as this would be detrimental to the company's competitive situation.

### Depreciation and amortisation

Amortisation of intangible assets and depreciation of property, plant and equipment aim to ensure systematic amortisation and depreciation over the expected useful life of the asset in question. The following useful lives and residual values apply:

	Useful life	Residual value
Software	3-5 years	0%
Contractual rights	7 years	0%
Fixtures and fittings, tools and equipment	5 years	0%
Land and buildings	50 years	66%

New acquisitions of fixtures and fittings, tools and equipment with cost not exceeding DKK 50,000 per item are recognised in the income statement in the year of acquisition.

Land is not depreciated.

### Net financials

Net financials comprise interest income, interest expenses and foreign currency adjustments.

### Taxes

The current and deferred taxes for the year are recognised in the income statement as taxes for the year with the portion attributable to the net profit or loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The parent company is included in the joint taxation with Danish affiliated companies. The ultimate parent company of the group is the administration company for the joint taxation and therefore makes all corporation tax payments to the taxation authorities. The levied Danish corporation tax is distributed by calculating joint taxation contributions among the jointly taxed companies in proportion to their taxable incomes. Similarly, companies with a negative taxable income receive joint taxation contributions from companies able to apply this loss to reduce their own taxable profit.

## //BALANCE SHEET

### Intangible assets

Intangible assets are measured in the balance sheet at the lower of cost less accumulated amortisation and the recoverable amount. The recoverable amount is the value of the asset in continued use or from sale. Directly and indirectly incurred costs are included in cost.

Development projects are recognised at cost, including costs of, for example, wages and amortisation directly or directly attributable to the development projects. Development projects are recognised in the balance sheet where these aim to develop a particular product or process that the company intends to produce or use in production. Other development costs are recognised in the income statement in the year they are incurred.

Capitalised development costs are amortised from the time of completion linearly over the period where they are expected to generate economic benefits. However, the amortisation period cannot exceed five years.

### Property, plant and equipment

Property, plant and equipment are measured in the balance



sheet at cost less the lower of accumulated depreciation and the recoverable amount. The recoverable amount is the value of the asset in continued use or from sale.

The recoverable amount of the asset is calculated as the higher of the net selling price and the capital value. The capital value is calculated as the present value of the expected net cash flows from application of the asset or asset group and expected net cash flows from sale of the asset or asset group after the end of useful life.

### Investments

Equity investments in subsidiaries are recognised in the balance sheet at the proportionate share of ownership in the companies.

The subsidiaries' profit or loss is recognised in the income statement in proportion to the share corresponding to the equity investment.

Other securities and equity investments are measured in the balance sheet at fair value.

### Inventories

Inventories of CO<sub>2</sub> quotas, electricity certificates etc. are included in the company's trading activities and holdings of these are measured at fair value and value adjustments are recognised in the income statement.

The physical gas stores purchased on behalf of customers are recognised at cost. Any open positions are measured at fair value, and value adjustments are recognised in the income statement.

Inventories of energy-efficient products are measured at the lower of cost and net realisable value. Cost is calculated using the FIFO method.

The net realisable value is determined based on turnover rates, obsolescence and the development in expected selling price.

### Receivables

Receivables are measured at nominal value less estimated risks of losses according to an individual assessment.

Unrealised gains from trading activities are recognised at fair value.

### Equity

Net revaluation of equity investments in subsidiaries is recognised under equity in reserve for net revaluation according to the equity method, to the extent the carrying amount exceeds the acquisition value.

The acquisition and sale of own equity investments and dividend from these are recognised directly in equity under retained earnings.

### Current and deferred taxes

Current tax payable and receivable is recognised in the balance sheet as calculated tax on the taxable income, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax under receivables or liabilities.

Deferred tax liabilities and deferred tax assets are calculated on the basis of all temporary differences arising between the carrying amount of assets and liabilities and their respective tax assets, and are recognised in the balance sheet at the prevailing tax rate. However, deferred tax of temporary differences regarding non-amortisable goodwill and other items is not recognised where temporary differences, except for company acquisitions, have arisen at the time of acquisition without any impact on the profit or loss or taxable income.

Deferred tax assets are recognised at their assessed expected realisable value by offsetting against deferred tax liabilities or against tax on future earnings.

### Liabilities other than provisions

Liabilities other than provisions are measured at cost at the time when the liability is incurred. Liabilities other than provisions are subsequently measured at amortised cost, with capital losses and loan costs being distributed over the term of the liability on the basis of the calculated, effective rate of interest at the time at which the liability is incurred.

### // CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method, showing cash flows from operating, investing and financing activities, as well as changes in cash flows for the year

and cash equivalents at the beginning and end of the year. Cash flows from operating activities are calculated as the net profit or loss for the year, adjusted for non-cash operating items, corporate income tax paid and changes in working capital.

Cash flows from investing activities consist of the additions to and disposals of intangible assets, property, plant and equipment and investments, appropriately adjusted for changes in the amount of receivables and payables for such items.

Cash flows from financing activities consist of cash flows provided by, and dividend paid to shareholders, as well as the securing of and repayment of non-current liabilities other than provisions.

Cash flows at the beginning and end of the year comprise cash and short-term bank debt.

## // CALCULATION OF FINANCIAL RATIOS

Financial ratios have been calculated in accordance with the recommendations of the Danish Society of Financial Analysts:

### Return on equity

$$\frac{\text{Ordinary profit/loss after tax}}{\text{Average equity}}$$

### Return on capital employed

$$\frac{\text{Profit/loss before financial items}}{\text{Total assets}}$$

### Profit margin

$$\frac{\text{Profit/loss before financial items}}{\text{Revenue}}$$

### Equity ratio

$$\frac{\text{Equity at year-end}}{\text{Total assets}}$$









## INCOME STATEMENT

Amounts in DKK '000

Note	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
Revenue	4,474,706	3,144,827	4,463,200	3,144,488
Cost of sales	-4,243,279	-2,931,300	-4,243,279	-2,931,300
<b>Gross profit</b>	<b>231,427</b>	<b>213,527</b>	<b>219,921</b>	<b>213,188</b>
Other external expenses	-44,057	-54,554	-40,762	-52,138
<sup>1</sup> Staff expenses	-89,682	-88,912	-84,399	-88,912
<b>Profit before depreciation and amortisation</b>	<b>97,688</b>	<b>70,061</b>	<b>94,760</b>	<b>72,138</b>
Depreciation, amortisation and impairment losses	-21,564	-29,481	-20,769	-28,675
<b>Profit from operations</b>	<b>76,124</b>	<b>40,580</b>	<b>73,991</b>	<b>43,463</b>
<sup>5</sup> Profit from equity investments in group enterprises	0	0	2,068	-2,186
<sup>5</sup> Profit from other equity investments	-572	-284	-572	-284
Financial income	3,592	1,512	2,662	1,507
Financial expenses	-12,036	-11,133	-11,732	-11,096
<b>Profit before tax</b>	<b>67,108</b>	<b>30,675</b>	<b>66,417</b>	<b>31,404</b>
<sup>2</sup> Tax on profit for the year	-12,893	-10,362	-12,202	-11,091
<b>Net profit for the year</b>	<b>54,215</b>	<b>20,313</b>	<b>54,215</b>	<b>20,313</b>

## Distribution of profit

Amounts in DKK '000

		PARENT COMPANY	
		2011	2010
Net profit for the year		54,215	20,313
Retained earnings from previous years		205,125	184,812
<b>Available for distribution at Annual General Meeting</b>		<b>259,340</b>	<b>205,125</b>
It is proposed that the amount be distributed as follows:			
Retained earnings		259,340	205,125
<b>Total</b>		<b>259,340</b>	<b>205,125</b>

## BALANCE SHEET

### Assets Amounts in DKK '000

Note

	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
Software	36,516	42,103	36,049	40,955
Contractual rights	42,414	43,581	42,414	43,581
<sup>3</sup> <b>Total intangible assets</b>	<b>78,930</b>	<b>85,684</b>	<b>78,463</b>	<b>84,536</b>
Land and buildings	75,436	91,000	75,436	91,000
Fixtures and fittings, tools and equipment	3,645	4,594	3,645	4,594
<sup>4</sup> <b>Total property, plant and equipment</b>	<b>79,081</b>	<b>95,594</b>	<b>79,081</b>	<b>95,594</b>
Equity investments in group enterprises	0	0	23,741	21,673
Investment in fixed asset investments	2,541	5,155	2,541	5,155
Other securities	0	31,320	0	31,320
<sup>5</sup> <b>Total fixed asset investments</b>	<b>2,541</b>	<b>36,475</b>	<b>26,282</b>	<b>58,148</b>
<b>Total non-current assets</b>	<b>160,552</b>	<b>217,753</b>	<b>183,826</b>	<b>238,278</b>
Inventories	62,269	14,377	62,269	14,377
<b>Total inventories</b>	<b>62,269</b>	<b>14,377</b>	<b>62,269</b>	<b>14,377</b>
Trade receivables	243,377	304,261	231,330	274,716
Receivables from group enterprise	36,049	10,282	38,626	15,005
Receivables from associates	7,354	0	7,354	0
Corporation tax receivable	0	3,854	0	3,854
<sup>6</sup> Other receivables	244,355	288,226	242,516	285,906
Prepayments	31,972	20,970	31,972	20,855
<b>Total receivables</b>	<b>563,107</b>	<b>627,593</b>	<b>551,798</b>	<b>600,336</b>
<b>Cash</b>	<b>88,634</b>	<b>112,033</b>	<b>80,623</b>	<b>103,238</b>
<b>Total current assets</b>	<b>714,010</b>	<b>754,003</b>	<b>694,690</b>	<b>717,951</b>
<b>Total assets</b>	<b>874,562</b>	<b>971,756</b>	<b>878,516</b>	<b>956,229</b>

<sup>7</sup> Contingent assets



## EQUITY AND LIABILITIES

Amounts in DKK '000

	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
Note				
Share capital	125,038	125,038	125,038	125,038
Retained earnings	255,960	205,125	255,960	205,125
<b>8 Total equity</b>	<b>380,998</b>	<b>330,163</b>	<b>380,998</b>	<b>330,163</b>
2 Deferred tax	18,929	34,193	19,207	35,239
<b>Total provisions</b>	<b>18,929</b>	<b>34,193</b>	<b>19,207</b>	<b>35,239</b>
Debt owed to mortgage credit institutions	42,000	42,000	42,000	42,000
Employee bonds	4,071	4,071	4,071	4,071
<b>9 Total non-current liabilities other than provisions</b>	<b>46,071</b>	<b>46,071</b>	<b>46,071</b>	<b>46,071</b>
Bank debt	76,336	172,034	67,987	157,275
Debt to group enterprise	0	0	12,101	1,675
Trade payables	166,723	202,482	165,997	202,273
Corporation tax	28,153	0	28,230	0
Other payables	93,206	123,703	93,779	120,423
Deferred income	64,146	63,110	64,146	63,110
<b>Total current liabilities other than provisions</b>	<b>428,564</b>	<b>561,329</b>	<b>432,240</b>	<b>544,756</b>
<b>Total liabilities other than provisions</b>	<b>474,635</b>	<b>607,400</b>	<b>478,311</b>	<b>590,827</b>
<b>Total equity and liabilities</b>	<b>874,562</b>	<b>971,756</b>	<b>878,516</b>	<b>956,229</b>

10 Guarantees

11 Security furnished

12 Contingent liabilities

13 Contractual obligations

14 Fees to auditor elected at the Annual General Meeting

15 Related parties



# CASH FLOW STATEMENT

## Cash flow statement Amounts in DKK '000

	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
<b>Profit before tax</b>	<b>67,108</b>	<b>30,675</b>	<b>66,417</b>	<b>31,404</b>
Adjustment for non-cash items	22,136	26,112	19,273	28,446
<b>Operating profit adjusted for non-cash items</b>	<b>89,244</b>	<b>56,787</b>	<b>85,690</b>	<b>59,850</b>
Corporation tax paid	3,850	-6,425	3,850	-6,324
Change in working capital:				
Receivables	60,632	-242,437	44,685	-217,235
Inventories	-47,892	10,833	-47,892	10,833
Trade payables	-35,759	81,922	-25,850	83,884
Other payables related to operations	-29,461	55,222	-25,608	52,126
<b>Cash flows from operating activities</b>	<b>40,614</b>	<b>-44,098</b>	<b>34,875</b>	<b>-16,866</b>
Investments in non-current assets:				
Intangible assets	-12,450	-33,167	-12,337	-33,167
Property, plant and equipment	14,153	-1,021	14,153	-1,021
Fixed asset investments	33,362	1,186	33,362	-19,876
<b>Cash flows from investing activities</b>	<b>35,065</b>	<b>-33,002</b>	<b>35,178</b>	<b>-54,064</b>
Acquisition of own equity investments	-3,380	0	-3,380	0
<b>Cash flows from financing activities</b>	<b>-3,380</b>	<b>0</b>	<b>-3,380</b>	<b>0</b>
<b>Total cash flows for the year</b>	<b>72,299</b>	<b>-77,100</b>	<b>66,673</b>	<b>-70,930</b>
Cash at the beginning of the year	-60,001	17,099	-54,037	16,893
<b>Cash at year-end</b>	<b>12,298</b>	<b>-60,001</b>	<b>12,636</b>	<b>-54,037</b>
Cash at year-end can be specified as follows:				
Cash	88,634	112,033	80,623	103,238
Bank debt	-76,336	-172,034	-67,987	-157,275
<b>Total</b>	<b>12,298</b>	<b>-60,001</b>	<b>12,636</b>	<b>-54,037</b>



## NOTES

### 1. Staff expenses Amounts in DKK '000

	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
Wages and salaries etc.:				
Wages and salaries	81,067	83,245	75,784	83,245
Refunded wages and salaries	-1,332	-2,019	-1,332	-2,019
Pensions	5,792	5,899	5,792	5,899
Social security costs etc.	1,055	1,262	1,055	1,262
Other staff expenses	3,100	525	3,100	525
<b>Total</b>	<b>89,682</b>	<b>88,912</b>	<b>84,399</b>	<b>88,912</b>
<b>Average number of employees</b>	<b>139</b>	<b>155</b>	<b>132</b>	<b>155</b>

### 2. Taxes Amounts in DKK '000

	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
Current tax for the year	28,153	0	28,230	0
Deferred tax for the year	-15,264	10,360	-16,032	11,089
Tax adjustment relating to previous years	4	-9,313	4	-9,313
Deferred tax adjustment relating to previous years	0	9,315	0	9,315
<b>Total tax for the year</b>	<b>12,893</b>	<b>10,362</b>	<b>12,202</b>	<b>11,091</b>

The deferred tax has been calculated at 25% and is specified as follows:

Intangible assets	19,733	21,134	19,616	21,134
Property, plant and equipment	-1,029	-874	-634	-634
Current assets	385	32,121	385	32,157
Liabilities other than provisions 139	-160	-160	-160	-160
Tax-loss carry forward	0	-18,028	0	-17,258
<b>Total deferred tax at year-end</b>	<b>18,929</b>	<b>34,193</b>	<b>19,207</b>	<b>35,239</b>
Total deferred tax at the beginning of the year	34,193	23,833	35,239	24,150
<b>Deferred tax for the year</b>	<b>-15,264</b>	<b>10,360</b>	<b>-16,032</b>	<b>11,089</b>

### 3. INTANGIBLE ASSETS Amounts in DKK '000

GROUP	Software	Contractual rights	2011 total	2010 total
Cost at 01.01.11	65,192	65,410	130,602	97,485
Adjustment at the beginning of the year	987	0	987	0
Additions for the year	5,077	7,373	12,450	33,508
Disposals for the year	0	0	0	-391
<b>Cost as at 31.12.11</b>	<b>71,256</b>	<b>72,783</b>	<b>144,039</b>	<b>130,602</b>
Cost as at 01.01.11	23,089	21,829	44,918	28,489
Adjustment at the beginning of the year	987	0	987	0
Amortisation for the year	10,664	8,540	19,204	16,485
Reversal of amortisation regarding disposals for the year	0	0	0	-56
<b>Cost as at 31.12.2011</b>	<b>34,740</b>	<b>30,369</b>	<b>65,109</b>	<b>44,918</b>
<b>Carrying amount as at 31.12.11</b>	<b>36,516</b>	<b>42,414</b>	<b>78,930</b>	<b>85,684</b>

PARENT COMPANY	Software	Contractual rights	2011 total	2010 total
Cost as at 01.01.2011	61,861	65,410	127,271	94,154
Additions for the year	4,964	7,373	12,337	33,508
Disposals for the year	0	0	0	-391
<b>Cost as at 31.12.11</b>	<b>66,825</b>	<b>72,783</b>	<b>139,608</b>	<b>127,271</b>
Cost as at 01.01.11	20,906	21,829	42,735	27,112
Amortisation for the year	9,870	8,540	18,410	15,679
Reversal of amortisation regarding disposals for the year	0	0	0	-56
<b>Amortisation as at 31.12.11</b>	<b>30,776</b>	<b>30,369</b>	<b>61,145</b>	<b>42,735</b>
<b>Carrying amount as at 31.12.11</b>	<b>36,049</b>	<b>42,414</b>	<b>78,463</b>	<b>84,536</b>

#### 4. Property, plant and equipment

Amounts in DKK '000

GROUP	Land and buildings	Fixtures and fittings, tools and equipment	2011 total	2010 total
Cost as at 01.01.11	101,938	9,363	111,301	110,762
Additions for the year	0	847	847	1,122
Disposals for the year	-17,301	0	-17,301	-583
<b>Cost as at 31.12.11</b>	<b>84,637</b>	<b>10,210</b>	<b>94,847</b>	<b>111,301</b>
Depreciation and impairment losses as at 01.01.11	10,938	4,769	15,707	4,107
Depreciation for the year	564	1,796	2,360	2,492
Impairment losses for the year	0	0	0	9,518
Reversal of depreciation regarding disposals for the year	-2,301	0	-2,301	-410
<b>Depreciation and impairment losses as at 31.12.11</b>	<b>9,201</b>	<b>6,565</b>	<b>15,766</b>	<b>15,707</b>
<b>Carrying amount as at 31.12.11</b>	<b>75,436</b>	<b>3,645</b>	<b>79,081</b>	<b>95,594</b>

PARENT COMPANY	Land and buildings	Fixtures and fittings, tools and equipment	2011 total	2010 total
Cost as at 01.01.11	101,938	9,363	111,301	110,762
Additions for the year	0	847	847	1,122
Disposals for the year	-7,301	0	-17,301	-583
<b>Cost as at 31.12.11</b>	<b>84,637</b>	<b>10,210</b>	<b>94,847</b>	<b>111,301</b>
Depreciation and impairment losses as at 01.01.11	10,938	4,769	15,707	4,107
Amortisation for the year	564	1,796	2,360	2,492
Impairment losses for the year	0	0	0	9,518
Reversal of depreciation regarding disposals for the year	-2,301	0	-2,301	-410
<b>Depreciation and impairment losses as at 31.12.2011</b>	<b>9,201</b>	<b>6,565</b>	<b>15,766</b>	<b>15,707</b>
<b>Carrying amount as at 31.12.11</b>	<b>75,436</b>	<b>3,645</b>	<b>79,081</b>	<b>95,594</b>



## 5. Fixed asset investments Amounts in DKK '000

GROUP	Investment in fixed asset investments	Other securities	2011 total	2010 total
Cost as at 01.01.11	6,440	29,780	36,220	37,406
Adjustment at the beginning of the year	1,959	0	1,959	0
Additions for the year	1,028	0	1,028	0
Disposals for the year	-3,070	-29,780	-32,850	-1,186
<b>Cost as at 31.12.11</b>	<b>6,357</b>	<b>0</b>	<b>6,357</b>	<b>36,220</b>
Revaluation and impairment losses as at 01.01.11	-1,285	1,540	255	-2,157
Adjustment at the beginning of the year	-1,959	0	-1,959	0
Share of net profit for the year/fair value adj.	-572	0	-572	2,412
Revaluation and impairment losses for the year	0	-1,540	-1,540	0
<b>Revaluation and impairment losses as at 31.12.11</b>	<b>-3,816</b>	<b>0</b>	<b>-3,816</b>	<b>255</b>
<b>Carrying amount as at 31.12.11</b>	<b>2,541</b>	<b>0</b>	<b>2,541</b>	<b>36,475</b>

	Equity investments in group enterprises	Investment in fixed asset investments	Other securities	2011 total	2010 total
PARENT COMPANY					
Cost as at 01.01.11	26,582	6,440	62,802	42,926	
Adjustment at the beginning of the year	0	1,959	0	1,959	0
Additions for the year	0	1,028	1,028	21,062	
Disposals for the year	0	-3,070	-29,780	-32,850	-1,186
<b>Cost as at 31.12.11</b>	<b>26,582</b>	<b>6,357</b>	<b>32,939</b>	<b>62,802</b>	
Revaluation and impairment losses as at 01.01.11	-4,909	-1,285	1,540	-4,654	-3,962
Adjustment at the beginning of the year	0	-1,959	0	-1,959	0
Share of net profit for the year/fair value adj.	2,068	-572	0	1,496	226
Revaluation and impairment losses for the year	0	0	-1,540	-1,540	-918
<b>Revaluation and impairment losses as at 31.12.11</b>	<b>-2,841</b>	<b>-3,816</b>	<b>0</b>	<b>-6,657</b>	<b>-4,654</b>
<b>Carrying amount as at 31.12.11</b>	<b>23,741</b>	<b>2,541</b>	<b>0</b>	<b>26,282</b>	<b>58,148</b>

	Registered office	Equity	Profit/loss for the year after tax	Ownership
SUBSIDIARIES				
Switch.dk A/S	Aalborg, Denmark	851	-679	100%
NE Fondsmæglerselskab A/S	Aalborg, Denmark	9,507	1,989	100%
Nordjysk Elhandel Finans A/S	Aalborg, Denmark	13,380	757	100%

**6. 6. Other receivables** Amounts in DKK '000

	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
Fair value adjustment of financial instruments	214,840	261,803	214,840	261,803
Other	29,515	26,423	27,676	24,103
<b>Total</b>	<b>244,355</b>	<b>288,226</b>	<b>242,516</b>	<b>285,906</b>

**7. Contingent assets****GROUP**

The group is involved as an intervener in an action for damages against Dong Energy Generation (formerly Elsam Kraft A/S). The claim from Nordjysk Elhandel A/S, including the customers' claims, are estimated to be in the range of DKK 147-498 million. Owing to the complexity of the case and the size of the claims, protracted proceedings must be expected.

**PARENT COMPANY**

The parent company is involved as an intervener in an action for damages against Dong Energy Generation (formerly Elsam Kraft A/S). The claim from Nordjysk Elhandel A/S, including the customers' claims, are estimated to be in the range of DKK 147-498 million. Owing to the complexity of the case and the size of the claims, protracted proceedings must be expected.

## 8. Equity Amounts in DKK '000

GROUP	Share capital	Reserve for treasury shares	Retained earnings
Balance as at 01.01.10	125,038	1,504	184,812
Transferred from own equity investments (assets)	0	-1,504	0
Net profit for the year	0	0	20,313
<b>Balance as at 31.12.10</b>	<b>125,038</b>	<b>0</b>	<b>205,125</b>
Acquisition of own equity investments	0	0	-3,380
Net profit for the year	0	0	54,215
<b>Balance as at 31.12.11</b>	<b>125,038</b>	<b>0</b>	<b>255,960</b>

The share capital comprises 125,038 shares of DKK 1,000 each.

Own equity investments comprise nominally DKK 3,083k, corresponding to approx. 2.5% of the total share capital.

### Changes in share capital

Balance as at 01.01.06	83,900
Capital increase 2007	41,138
<b>Balance as at 31.12.11</b>	<b>125,038</b>

PARENT COMPANY	Share capital	Reserve for treasury shares	Retained earnings
Balance as at 01.1.10	125,038	1,504	184,812
Transferred from own equity investments (assets)	0	-1,504	0
Net profit for the year	0	0	20,313
<b>Balance as at 31.12.10</b>	<b>125,038</b>	<b>0</b>	<b>205,125</b>
Acquisition of own equity investments	0	0	-3,380
Net profit for the year	0	0	54,215
<b>Balance as at 31.12.11</b>	<b>125,038</b>	<b>0</b>	<b>255,960</b>

The share capital comprises 125,038 shares of DKK 1,000 each.

Own equity investments comprise nominally DKK 3,083k, corresponding to approx. 2.5% of the total share capital.

### Changes in share capital

Balance as at 01.01.06	83,900
Capital increase 2007	41,138
<b>Balance as at 31.12.11</b>	<b>125,038</b>



## 9. Long-term liabilities other than provisions Amounts in DKK '000

	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
Nominal value of non-current liabilities other than provisions	46,071	46,071	46,071	46,071
Within 1 year	0	0	0	0
2-5 years	4,071	4,071	4,071	4,071
After 5 years	42,000	42,000	42,000	42,000
<b>Total</b>	<b>46,071</b>	<b>46,071</b>	<b>46,071</b>	<b>46,071</b>

## 10. Guarantees

### GROUP

Guarantees worth DKK 422 million (2010: DKK 419 million) have been furnished through a bank.

### PARENT COMPANY

Guarantees worth DKK 422 million (2010: DKK 419 million) have been furnished through a bank.

## 11. Security furnished Amounts in DKK '000

### GROUP

**2011**      **2010**

The following amounts have been deposited as security for outstanding balances:

Balance on account, DKK 68,291k

An owner's mortgage on real property for a total of nom. DKK 2,000k has been furnished as security for bank debt.

The mortgage debt is secured by way of mortgages on properties.

Carrying amount of mortgage properties

75,436      76,000

### PARENT COMPANY

**2011**      **2010**

The following amounts have been deposited as security for outstanding balances:

Balance on account, DKK 68,291k

An owner's mortgage on real property for a total of nom. DKK 2,000k has been furnished as security for bank debt.

The mortgage debt is secured by way of mortgages on properties.

Carrying amount of mortgage properties

75,436      76,000

## 12. Contingent liabilities

### GROUP

The group is a stakeholder in Danish Carbon Fund with an undivided share of 6.9%, and in this connection the company has undertaken to contribute a maximum of EUR 4,100k corresponding to DKK 30,480k. The company has paid EUR 1,557k. The total payment obligation can thus be calculated at EUR 2,543k equal to DKK 17,875k.

### PARENT COMPANY

The group is a stakeholder in Danish Carbon Fund with an undivided share of 6.9%, and in this connection the company has undertaken to contribute a maximum of EUR 4,100k corresponding to DKK 30,480k. The company has paid EUR 1,695k. The total payment obligation can thus be calculated at EUR 2,405k equal to DKK 17,875k.

## 13. Contractual obligations Amounts in DKK '000

	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
Non-financial rent and lease payments:				
Within 1 year	1,707	2,361	1,707	2,361
2-5 years	1,356	1,775	1,356	1,775
After 5 years	0	0	0	0
<b>Total</b>	<b>3,063</b>	<b>4,136</b>	<b>3,063</b>	<b>4,136</b>

### German investment projects:

At the end of 2011, the group (and the parent company) concluded a bilateral investment and cooperation agreement, which binds the group as co-investor/co-financier in investment and development projects regarding the construction and operation of German wind farms. This cooperation is carried out in jointly owned and jointly managed limited partnerships.

At the balance sheet date, the agreement has resulted in one investment project comprising 2 MW with an option for expansion of up to 10-12 turbines.

No contributions have been paid into the investment companies yet.

### Acquisition of new subsidiary:

The group (and the parent company) have signed a declaration of intent regarding acquisition of a new subsidiary on certain terms, which had not yet been fulfilled at the balance sheet date. The subsidiary UtilityNorth A/S has no activity and its most important asset is software that is of interest to the group's business transactions. All equity investments in the subsidiary were acquired on 1 February 2012.

### Transfer of the climate activities:

In December 2011, the group (and the parent company) transferred its climate activities to the group enterprise Nordjysk Elhandel Climate A/S, a wholly owned subsidiary of NEAS Holding A/S.

According to the transfer agreement, it is a prerequisite for the transfer that the other contracting parties to the transferred climate contracts consent to this. If such consent is not obtained, the group is under an obligation to transfer back the respective contracts.

#### 14. Fees to auditor elected at the Annual General Meeting Amounts in DKK '000

	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
Mandatory auditing of financial statements	337	339	270	300
Other assurance engagements	4	9	4	9
Taxation advice	8	93	5	93
Other services	17	413	13	413
<b>Total</b>	<b>366</b>	<b>854</b>	<b>292</b>	<b>815</b>

#### 15. Related parties

##### Basis of influence

##### Controlling interest:

NEAS Holding A/S

Parent company

##### Significant influence:

Eigild Bødker Christensen, Aalborg (joined in April 2011)  
 Michael Dreisler, Aalborg (joined in April 2011)  
 Susanne Dreisler, Aalborg (joined in April 2011)  
 Ulrik Holm Christensen, Svenstrup J (joined in April 2011)  
 Bo Lynge Rydahl, Aalborg  
 H.C. Krøyer, Thisted (joined in April 2011)  
 Gerda Pedersen, Brønderslev (resigned in April 2011)  
 Anders Mikkelsen, Frederikshavn (resigned in April 2011)  
 Henning G. Jensen, Aalborg (resigned in April 2011)

Chairman of the Board of Directors  
 Member of the Board of Directors  
 Member of the Board of Directors  
 Member of the Board of Directors  
 Member of the Board of Directors/CEO  
 Chairman of the Board of Directors  
 Member of the Board of Directors  
 Member of the Board of Directors  
 Member of the Board of Directors

##### Transactions:

Remuneration for the Board of Executives and the Board of Directors

##### Ownership:

The following shareholders are registered in the company's register of shareholders with an interest of more than 5% of the share capital: NEAS Holding A/S

##### Croup

The parent company, Nordjysk Elhandel A/S, is included as a subsidiary in the consolidated financial statements for NEAS Holding A/S, which comprise both the largest and the smallest group in which the parent company is included as a subsidiary.







info@neas.dk · www.neas.dk

CVR no. 20293195