

Interim Report for the European Energy Group for the Period January 1 – June 30, 2010

During the first half of 2010 European Energy achieved a very satisfactory pre tax result amounting to EUR 4.7 million. This result was achieved through high activity and an overall positive development in all areas of business, ranging from project development to sales and administration.

The company is experiencing that the renewable energy sector is maturing. New, financially strong players on the investor side increasingly show interest in solar and wind energy investments. For European Energy this has resulted in the conclusion of several joint ventures, as well as the sale of part of its portfolio of solar and wind power plants.

Cooperation with financially strong investors gives European Energy the opportunity to strengthen the focus on project development and administration of the most attractive solar and wind plants across Europe.

In 2010 parts of the financial markets are still marked by the financial crisis. Despite this, European Energy has been able to attract attractive financing for their projects, leveraging its strong local knowledge.

Key figures for the first half of 2010

- During the first half of 2010 revenue reached EUR 41.2 million compared to EUR 6.2 million in first half of 2009. Revenue comprises both electricity sales and the divestment of solar and wind power plants.
- Of the generated revenue EUR 5.4 million concerns the sale of electricity compared to EUR 6.1 million during same period the previous year. The decrease is due to the sale of operational assets as well as a somewhat bad wind year, especially in Germany.
- EUR 35.8 million of the revenue relates to the sale of assets, while no asset sales were carried through during the corresponding period the previous year. The asset sales included the sale of a German wind farms package with a total capacity of 20 MW to a large European fund. The sale underscores that European Energy is an interesting partner for even very large domestic and international investors.
- The cost of personnel in this period was EUR 1.6 million compared to EUR 0.5 million in the first half of 2009. This is primarily due to that European Wind Farms A/S was taken

over 100% on July 1st 2009, after which the subsidiary is consolidated into European Energy's books. To support its growing activities, the organization has also been strengthened by employing multiple project managers, engineers, economists and lawyers. At the end of the period, the Group employs 51 employees.

- The result of the first half of 2010 was EUR 6.8 million compared to EUR 2.8 million in the previous year.
- At the end of first half of 2010 the balance sheet amounted to EUR 182.7 million against EUR 198.5 million at the end of 2009. The reduction of approximately 8% reflects the increased focus of the company upon partially selling developed solar and wind farms to highly capitalized joint venture partners.
- At the end of the period, equity amounted to EUR 39.0 million against EUR 36.9 million at year end 2009.
- Short term debt has been reduced by EUR 15 million to 108.7 million, primarily due to divestments.
- Consolidated liquidity amounted to EUR 7.1 million at the end of first quarter of 2010 compared with EUR 10 million late 2009. Of this, the majority is tied up in reserve accounts in the Group's subsidiaries and affiliated companies.
- The portfolio of projects in the pipeline has increased during the period. At the end of the first half of 2010 the portfolio amounted to EUR 2.9 billion compared to EUR 2.5 billion at year end 2009 (calculated as the investment potential). The company has a balanced portfolio both in terms of countries and stages of development.

Expectations for 2010

European Energy expects the current high activity level to continue during the second half of 2010. The divestment of assets will be in focus, as well as the conversion of short term construction loans into long term project financing. As there are relatively few transactions of significant size, the exact timing of when a sale is completed or a facility financing falls into place has great influence on the result of the year. It is expected that the result of the year will be similar to that of 2009.

It is the objective of the company to increase the equity ratio in order to increase the strategic flexibility. It is expected that the equity ratio will increase from 19% at year end 2009 to minimum 23% at year end 2010.

Management Report

Company Profile

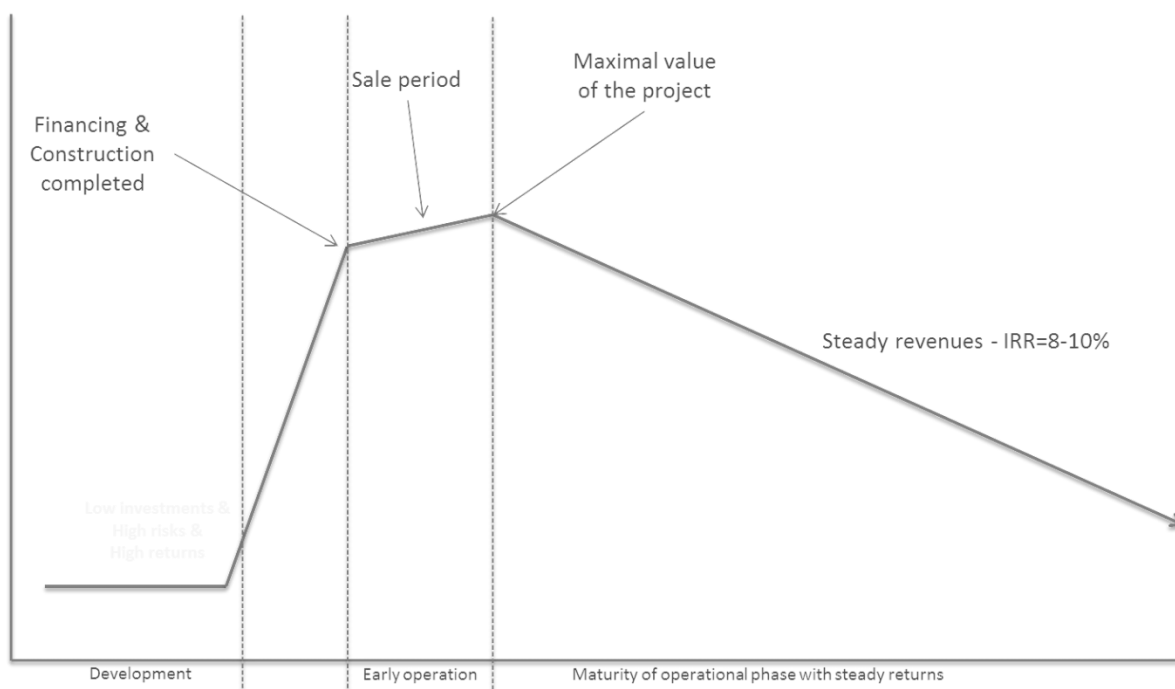
European Energy is among Europe's leading developers of land-based solar and wind energy projects, and it is the company's strategy to be a preferred partner for tier 1 financial investors wishing to invest in solar or wind energy.

The company generates revenue from or sale of electricity to utilities from commissioned plants as well as from the sale of solar and wind farms to financial and industrial investors. A growing business segment for the European Energy is also commercial management, a service offered to investors who do not wish to involve themselves directly in the daily monitoring and maintenance of the power plants.

Power sales create a stable revenue stream and comprise the foundation to a robust revenue base. Further, fully developed solar and wind power plants are sold off to investors in order to enable the realization of the growing development portfolio. European Energy mostly maintains an ownership stake in these solar and wind power plants, ensuring investors and financial partners our full commitment towards the power plants.

Customers purchasing power plants are typically investors who seek high, stable returns and consider investments in renewable energy an integral part of their investment portfolio. The graph above shows the value chain of projects within renewable energy.

Value chain for Renewable Energy



The market for solar and wind energy

The European countries increasingly focus on developing alternative energy resources to replace fossil fuels. However, this trend is still entirely dependent on political and economic support from European governments.

It seems as if the European market for renewable energy is facing a breakthrough and that this new development will provide great opportunities for companies like European Energy.

Nevertheless, it should be noted that the financial crisis in some southern European countries has brought political risk into the assessment of investments within renewable energy. Earlier this year the Spanish government spurred the uncertainty with discussions regarding a tariff reevaluation for solar power plants already in operation and thus granted a tariff scheme. However, EU has shown its deep commitment to developing renewable energy by putting pressure on Spain in order to avoid any retroactive changes. Accordingly, we believe that a reasonable solution will be found in Spain, ensuring stability and predictability regarding support mechanisms necessary for the continued development of renewable energy resources.

Despite the political risk we expect that new players, both on the developer and on the investor side, will enter into the market. This development will make the market for renewable energy more efficient and will push the players of the value chain into more narrowly defined roles. For European Energy this means that we will focus our efforts on our core competencies; identifying and developing solar and wind energy projects.

European Energy's core competencies

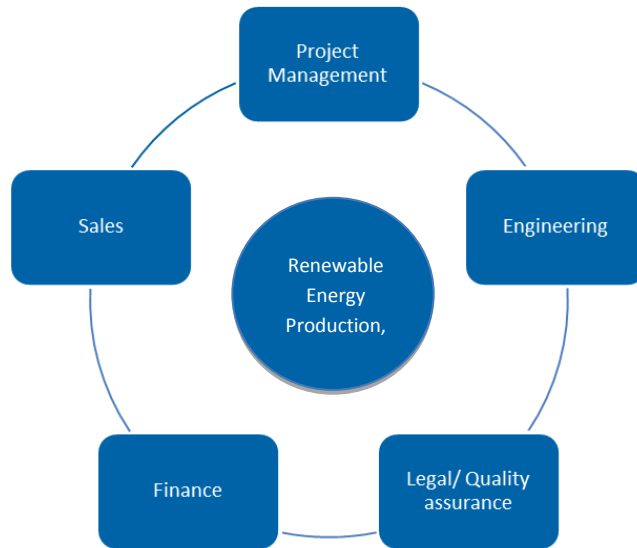
European Energy is a company that is driven by the entrepreneurial spirit and positive energies that characterizes young firms with strong growth. Employees are the company's most valuable resource and the main determinant of the success the company has experienced since it was founded in 2004.

Today European Energy is an international company with strong local knowledge in each of its markets in Europe. To ensure internal cohesiveness as well as a common culture, all 51 employees work from the headquarters in Lyngby.

Since the establishment we have shown that we are able to identify suitable locations for projects in our European home market, and to turn these projects into commissioned energy assets. Further, we have the skills to optimize operations and to monitor and manage our investments. Lastly we expect that it will be beneficial to involve financially strong partners at earlier stages of development, supporting the capital intensive investments.

An essential prerequisite for business growth and future success is being able to attract and retain the right employees. For European Energy this means employees with an academic

background and experience relevant for the company's core competencies. However, it is equally important to have staff with local knowledge and networks in the countries we operate. To ensure this, we have hired Italian lawyers, German solar engineers, Swedish project managers, just to name a few.



Commissioned solar and wind power plants

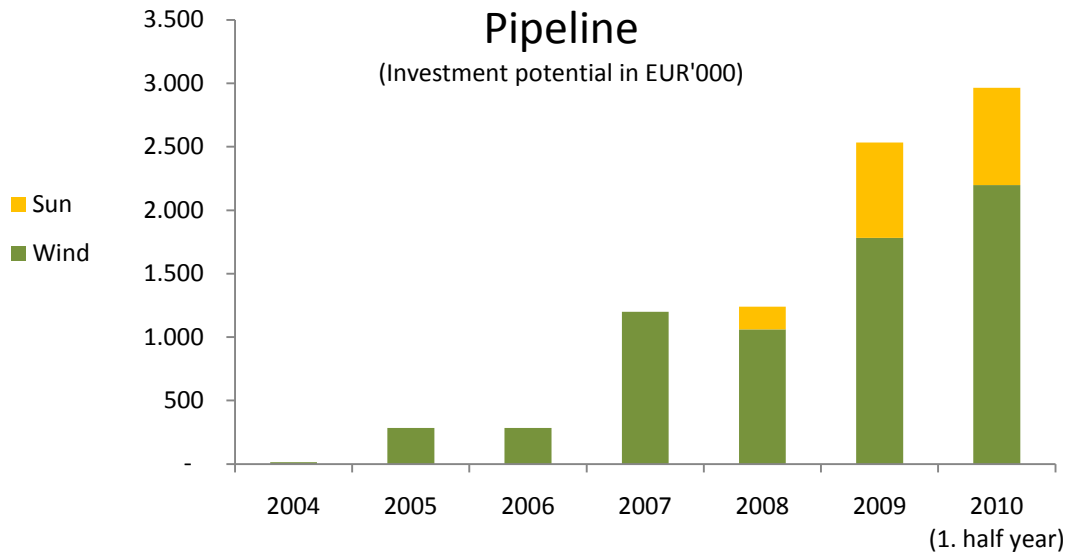
European Energy considers solar and wind activities to be equally important for the development of the company. Today the company owns significantly more wind based assets, as this portfolio has been in development since 2004, while the solar activities were started in 2008. It is our expectation that this distribution will become more even over time.

Operating companies distribution



Pipeline and risk management

The portfolio of projects in the pipeline is bigger than ever. Determined as the potential for investment, the portfolio totaled EUR 2.9 billion at the end of first half of 2010, compared to EUR 2.5 billion at year end 2009.



The portfolio is distributed throughout our core markets and comprises projects in various stages of development.

For European Energy the quality of our pipeline of major importance for the future value creation in the company. We therefore continuously evaluate projects based on technical and economic criteria and reject those projects not considered to provide satisfactory returns or those projects where the perceived risk in the project phase cannot be managed properly.

Risk management is an integral part of project management. When a commissioned project is put up for sale, all known risks have been eliminated. Accordingly, the investor solely needs to consider the political risk as well as the ongoing natural variations in solar or wind conditions.

During the early phases of each project the company conducts a thorough analysis of the solar or wind resource, and local legal and environmental studies are completed. The land and the grid is secured through purchase or lease agreements with land owners and power purchase agreements with utilities.

The choice of equipment suppliers and contractors is made according to a careful selection process, and service agreements are concluded according to market standards.

Consolidated financial statements for the period January 1 – June 30

Income Statement

EUR '000	Consolidated	
	2010 6 months	2009 6 months
Revenue	41.202	6.167
Direct costs	<u>-30.207</u>	<u>-923</u>
Gross profit	10.995	5.244
Staff costs	-1.606	-535
Other external costs	-1.142	-410
Depreciation	<u>-1.438</u>	<u>-1.543</u>
Ordinary operating profit	6.808	2.755
Profit in subsidiaries before tax	0	0
Profit in associates before tax	228	14
Profit on sale of investments	0	17
Financial income	1.026	1.532
Financial expenses	<u>-3.322</u>	<u>-3.215</u>
Profit from ordinary activities before tax	4.740	1.103
Tax on the profit for the period	<u>-1.313</u>	<u>-325</u>
Profit for the period	3.427	779
Minority shareholders' share of the results of subsidiaries	<u>-1.373</u>	<u>-237</u>
The Group's share of profit for the period	<u>2.053</u>	<u>541</u>

Balance sheet

EUR '000	Consolidated	
	30/6 2010	31/12 2009
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	331	520
Other rights	0	816
Development projects	1.395	1.324
	<u>1.726</u>	<u>2.660</u>
Property, plant and equipment		
Wind turbines	17.167	40.864
Solar power plants	58.857	59.395
Fixtures and fittings, tools and equipment	262	205
Property, plant and equipment under construction	23.172	20.411
	<u>99.458</u>	<u>120.875</u>
Investments		
Investments in associates	14.243	17.696
Other investments	5.759	2.559
Amounts owed by associates	3.479	4.932
Other receivables	11.653	8.631
	<u>35.134</u>	<u>33.818</u>
Total non-current assets	<u>136.318</u>	<u>157.353</u>
Current assets		
Receivables		
Trade receivables	22.094	10.357
Amount owed by parent company	8.534	8.547
Corporation tax receivable	202	293
Other receivables	7.951	11.399
Prepayments	459	416
	<u>39.240</u>	<u>31.012</u>
Securities	0	17
Cash at bank and in hand	<u>7.132</u>	<u>10.082</u>
Total current assets	<u>46.373</u>	<u>41.111</u>
TOTAL ASSETS	<u>182.691</u>	<u>198.464</u>

Balance sheet

EUR '000	Consolidated	
	30/6 2010	31/12 2009
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	1.340	1.340
Retained earnings	37.666	35.648
Total capital and reserves	39.006	36.988
Minority interests	4.995	3.624
Provisions		
Deferred tax	2.064	3.042
Liabilities other than provisions		
Non-current liabilities other than provisions		
Liabilities from issuance of bonds	9.297	9.362
Mortgage credit institutions	69.647	71.755
Other payables	1.854	5.037
	80.798	86.154
Current liabilities other than provisions		
Amount owed to mortgage credit institutions	39.125	51.895
Trade payables	4.075	5.094
Amount owed to associates	841	295
Corporation tax	1.200	0
Other payables	10.588	11.372
	55.828	68.656
Total liabilities other than provisions	136.627	154.810
TOTAL EQUITY AND LIABILITIES	182.691	198.464

Cash flow statement

EUR '000	Consolidated	
	30/6 2010	31/12 2009
Operating profit	2.160	7.233
Adjustment for non-cash operating items, etc.: Depreciation etc.	1.438	3.562
Cash generated from operations (operating activities) before changes in working capital	3.598	10.795
Changes in wind farm projects under construction	0	0
Changes in receivables	112	4.582
Other changes in current liabilities	-1.112	-12.534
Interest income etc., received	1.026	2.413
Interest expenses etc., paid	-3.360	-6.202
Cash flows from ordinary activities before tax	264	-946
Corporation tax paid	59	1.262
Cash flows from operating activities	323	316
Acquisition of intangible assets	-70	-573
Acquisition of property, plant and equipment	-2.818	-8.840
Disposal of property, plant and equipment	0	9.215
Acquisition of investments and securities	-3.022	-9.333
Disposal of investments and securities	7.531	1.638
Dividends	0	800
Cash flows from investing activities	1.621	-7.093
Increase in non-current liabilities with mortgage credit institutions	7.878	41.741
Change in current liabilities with mortgage credit institutions	-12.771	-38.728
Minority shareholders' share of capital increase in subsidiary	0	683
Dividends paid to shareholders	0	0
Cash flows from financing activities	-4.893	3.696
Net cash flows for the year	-2.950	-3.081
Cash and cash equivalents at 1 January	10.082	13.163
Cash and cash equivalents at balance sheet date	7.132	10.082

The cash flow statement cannot be directly derived from the other components of the consolidated financial statement.