



Nordic Prize Winner 2015



 **norden**
Nordisk Råds
natur- og miljøpris 2015

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natur- og miljøpris 2015



Annual Report and Annual Accounts 2015

Annual General Meeting 29 April 2016

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Layout, printing, binding: Føroyaprent

Grid Accounts 2015

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Electricity Compagny SEV (Elfelagið SEV) Grid Accounts 2015

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The Company

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Website: www.sev.fo
Email: sev@sev.fo
Registered office: Tórshavn
Accounting year: 01.01-31.12
Business Registration No.: 331538

Board

Jákup Suni Lauritsen, Chairman of the Board
Bogi Andreasen, Vice Chairman of the Board
Karl A. Olsen, Member of the Board
Karl M. Rasmussen, Member of the Board
Steinbjørn O. Jacobsen, Member of the Board
Bødvar Hjartvarsson, Member of the Board
Frits Poulsen, Member of the Board

Management

Hákun Djurhuus, Managing Director, CEO
Bogi Bendtsen, Director of Administration, CFO
Finn Jakobsen, Director of Distribution, CTO
Anders Nedergaard-Hansen, Director of Production, COO

Auditor

JANUAR State Authorized Public Accountants P/F

Management Report

The Board of Directors and Management hereby submit SEV's Annual Report and Accounts for fiscal year 1 January - 31 December 2015.

The Report is drawn up pursuant to the Faroese Financial Statements Act.

It is our opinion that the accounting methods used are suitable and that the Accounts give a true and fair view of the Company's assets, liabilities, financial position as at 31 December 2015 and the result of operations for fiscal year 1 January - 31 December 2015.

It also our opinion that the Mangament Review constitutes a true and fair report on the matters included in it.

The Annual Report is submitted to the Annual General Meeting with a recommendation for approval.

Tórshavn, 8 april 2016

Management

Hákun Djurhuus
Managing Director, CEO

Financial Management

Bogi Bendtsen
Director of Administration, CFO

Board

Jákup Suni Lauritsen
Chairman

Bogi Andreassen
Vice Chairman

Karl A. Olsen

Karl M. Rasmussen

Steinbjørn O. Jacobsen

Bødvar Hjartvarsson

Frits Poulsen

Independent Auditor's Report

The Grid Accounts have been prepared as a supplement to the Consolidated Group Annual Report and Accounts of Elfelagið SEV.

We have completed the audit of the Annual Accounts of Elfelagið SEV and it did not result in any qualifications or request for additional information. Please refer to page 52 in the Consolidated Group Annual Report and Accounts of Elfelagið SEV for the complete auditor's report.

Tórshavn, 8 April 2016

P/F Januar

State Authorized Public Accountants P/F

Hans Laksá
State auth. auditor

Key Figures and Financial Ratios

Figures in tDKK	2015	2014	2013	2012	2011
		t.kr.	t.kr.	t.kr.	t.kr.
Income statement					
Net Sales	417.605	411.888	386.045	354.896	319.197
Result before depreciation, amortization and impairment	125.810	70.502	19.789	-918	-47.696
EBIT	91.454	40.671	-7.943	-26.860	-71.980
Financial items, net	-13.609	-8.840	-7.961	-6.944	-3.644
Annual results	77.844	31.831	-15.904	-33.804	-75.624
Balance sheet					
Total assets	999.388	789.369	609.783	597.491	540.203
Equity	432.052	352.356	320.525	336.429	370.232
Financial ratios*)					
Return on equity	19.8%	9.5 %	-4.8 %	-9.6 %	-18.6 %
Assets turnover	0.42	0.52	0.63	0.59	0.59
Equity/assets ratio	43.2%	44.6 %	52.6 %	56.3 %	68.5 %

*) Financial ratios are calculated in accordance with the recommendations of the Danish Society of Financial Analysts, *Recommendations and Financial Ratios 2011*.

Management Review

Main Activities

SEV is an inter-municipal cooperative electricity utility company. The purpose of the Company is to generate electric power and distribute it to its customers in the participating municipalities. According to the Articles of Association, the Company is to carry out its purpose consistent with economically sound commercial principles with due regard for the environment.

The accounts for the power grid activities of SEV are a part of the consolidated accounts of SEV. The report encompasses SEV's power grid activities, including administration, for the period 1 January 2015 to 31 December 2015.

Business Activities

Upgrading and Refurbishment

The work to update the 10, 20, and 60 KV grid continues. The 0.4 KV power lines have all been laid underground. The work was done in close cooperation with the relevant government authorities, the municipalities, the Faroese Public Works Department [Landsverk], and Faroese Telecom [Føroya Tele].

During 2015, the Company erected ten new 10 and 20 KV transformer stations in different regions around the country. Moreover, it was necessary to replace some of the older transformer stations, as they have become obsolete and rundown.

Maintenance

Again in 2015, a good deal of maintenance work was carried out on the grid to ensure a stable supply of power to the customer.

The first graph on the next page shows how the number of faults has decreased from 1989 through 2015. Systematic maintenance work, combined with the continued upgrading of the grid, is the reason that SEV today has fewer faults than ever before.

The 25 faults registered in 2015 are not all the type of faults that impact every customer simultaneously. Some faults are so extensive that they impact a large section of the country in the same instant, e.g. all of the main region of the country or the whole of Suðuroy. Such total black-outs most often occur when a fault happens at a power plant. Of the 25 faults registered in 2015, only seven were of such type.

Some faults impact only a very limited number of customers. Such faults may result from cable disruptions in a certain section of town, or a high voltage fuse that blows at a transformer station.

Faults in the high-tension grid in 2015

In 2015, there were 25 faults in the high-tension grid. The second graph on the next page shows which type of fault occurred, and where within the grid they occurred.

FINANCIAL OVERVIEW

Revenue

There are three factors that impact SEV's principal income: changes in electricity prices, changes in overall electricity consumption, and changing use patterns within the various customer price groups from year to year.

Power grid income is derived from the sale of electricity to commercial, retail and public sector customers, including the municipalities. Further, income is derived from fixed base-rate payments, connection fees and other service fees from certain customers.

On 1 January 2011, SEV increased the price of electricity by DKK 0.15 per kWh, following the approval of the Faroese Electricity Production Commission. At the same time, both the Commission and SEV understood that, given the high price of oil and the need for the expansion and upgrading of both the grid and the production facilities, higher prices in the future would be necessary. Therefore, as of 1 January 2012, SEV increased its prices by DKK 0.10 per kWh, and again on 1 January 2013 by DKK 0.05 per kWh for its private retail customers, and DKK 0.11 per kWh for its industrial commercial customers, which are subject to a special pricing tariff for industrial companies, including fish farming, agriculture, the fishing industry and certain IT service providers with an annual usage above 20,000 kWh.

In addition, SEV increased the connection fee as of 1 January 2013 to ensure profitability within this activity area. This fee had not been indexed for many years and consequently the operational result within this area remained out of balance. With the increase, harmonization was achieved in the activity area.

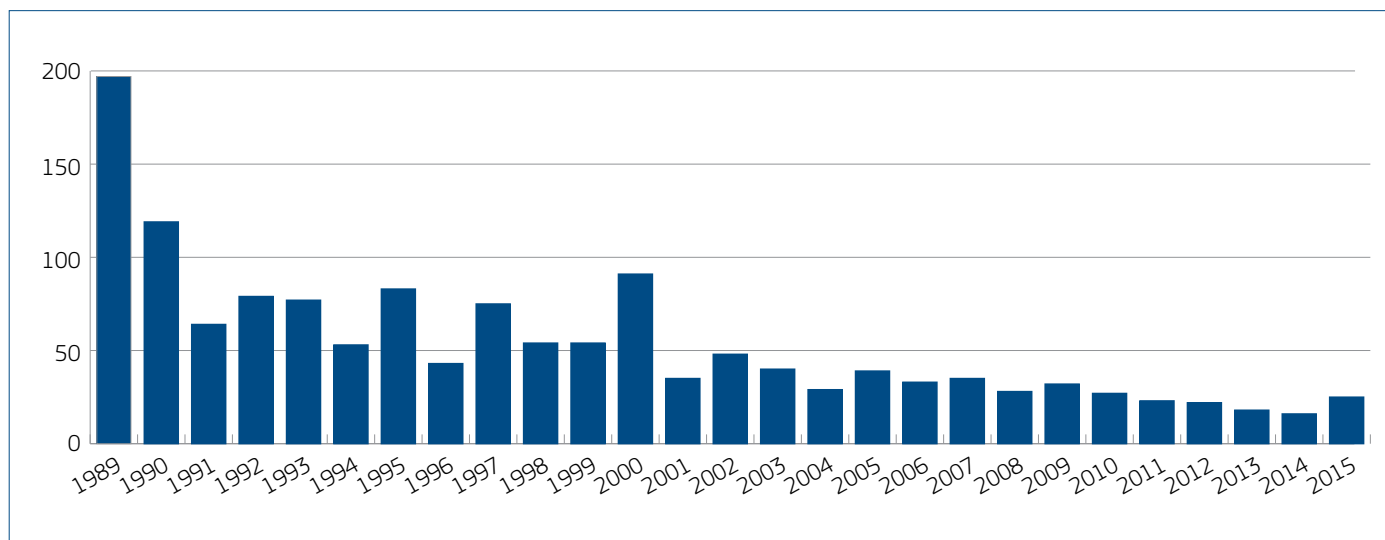
The tariff for industrial customers was again increased by DKK 0.05 in January 2014. Increasing the price for certain customers as opposed to others is part of a strategy to enhance profitability within the various customer groups.

No amendments to the price schedule were undertaken in 2015.

For many years in a row, revenue grew almost without exception due to increased electricity consumption. However, since 2009 through and including 2011, actual electricity usage remained essentially constant. In 2012, there was an increase of 2.6%, in 2013 the increase was 5.0%, in 2014 it was 3.4%, while in 2015 it was 1.5%.

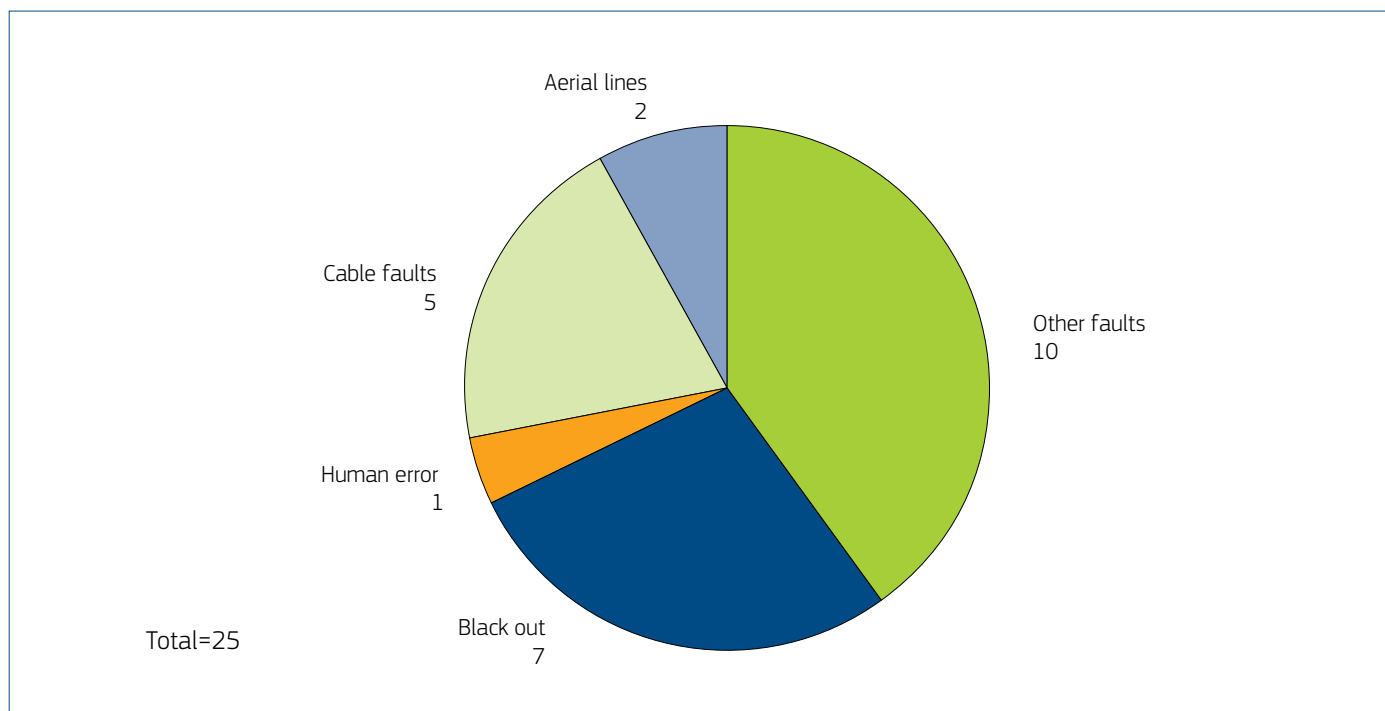
Graph 1

Faults per year



Graph 2

Type of Faults 2015



Beginning with fiscal year 2011, SEV began to maintain separate financial accounts for production and power grid activities. In this regard, SEV calculates production unit profit by using the same method as prescribed in the tender rounds for wind power. The inclusion of profit is to provide a truer picture of the operations of the production unit, compared to the WACC of the Company and the asset appreciation of the production unit. Consequently, 2011 was the first time that profit from production activities was compared to power grid activities.

The revenues from the production facilities should cover the respective expenses of production and include a reasonable profit margin on production. The production profit calculated for 2015 is DKK 25.2 million against DKK 25.9 million in 2014, corresponding to 4.2% and 4.5%, respectively, of the average equity of the production division, following the changes in the accounting principles. A profit of 4-5% is deemed a reasonable WACC, compared to inflation and other investment alternatives.

The Company has achieved a satisfactory level of overall profit-

ability in its operations, based in part on the positive contribution of the power grid operations. In 2015, the operational result for the power grid division was a profit of DKK 77.8 million against a profit in 2014 of DKK 31.8 million, which can be compared to a deficit in 2013 of DKK 15.9 million, and again to the deficit in 2012 of DKK 33.8 million. Operations of the power grid must break-even. At the same time, it is imperative that a sufficient positive result be achieved in order to protect the power grid assets against inflation.

Given the major acceleration in grid-related initiatives in the coming years, it is imperative that the power grid division maintain a sufficient level of self-financing, and this can only be done by having profitable operations. How large the profit margin shall be is dependent upon the level of debt to be carried in connection with the expansion of the grid.

In 2015, SEV's total income was DKK 422.0 million, compared to DKK 410.6 million in 2014, corresponding to an increase of DKK 11.4 million or 2.8%. By far, the majority of the income was

Figure 1

Table 1. Customer Segments in GWh	Agriculture, aquaculture, fisheries and other commodities	Manufacturing, production and construction	Retail, catering and lodging	Transport, postal and telecom services	Finance, insurance and other business services	Public and private services, churches, congregations, ect.	Street lighting	Residential housing, apartments, holiday homes and boathouses	Total settlement
2005	15.8	51.1	19.1	18.7	3.8	32.0	6.1	74.9	221.6
2006	19.3	53.8	21.0	21.8	3.9	34.1	5.6	75.6	234.9
2007	22.1	54.7	21.7	23.3	4.0	35.2	6.8	77.6	245.4
2008	23.1	53.8	22.9	25.1	4.2	36.2	7.0	81.5	253.9
2009	25.8	52.0	22.6	24.4	4.5	35.6	6.7	80.5	251.9
2010	25.9	48.9	22.5	28.7	4.2	36.5	6.8	81.3	255.0
2011	26.4	44.5	22.4	31.8	4.2	36.8	7.3	81.4	254.8
2012	29.4	52.5	21.6	34.7	3.9	36.6	6.9	75.7	261.4
2013	29.2	69.3	22.7	25.1	4.0	37.7	7.4	78.9	274.4
2014	31.1	76.1	24.7	25.7	4.0	37.3	7.0	78.0	283.8
2015	36.6	76.5	23.1	24.9	3.9	37.9	7.1	78.0	288.1
Difference between 2014 and 2015 in GWh	5.52	0.37	-1.63	-0.78	-0.07	0.64	0.06	0.04	4.26
Difference between 2014 and 2015 in %	17.7	0.5	-6.6	-3.0	-1.7	1.7	0.8	0.1	1.5

derived from electricity payments, corresponding to DKK 385.0 million, while DKK 32.6 million was derived from fixed base-rate charges and other income. This is consistent with the previous year.

The Table above shows settled electricity sales in GWh to SEV's various customer segments.

Further details on sales are available in the Consolidated Group Annual Accounts available on the Company's website, www.sev.fo.

Growth in electricity sales is seen in the agriculture industry, fish farming, the fishing industry, and the primary raw materials industry, and public and private services. On the other hand, decline is observed in the retail sector, as well as in restaurants and transport, etc.

In 2015, the electricity consumption of residential homes and apartments remained constant, compared to 2014 when there was a decline in consumption compared to 2013. The electricity consumption of private customers was higher during the period

2008 through 2013 than today. It should be noted that there was a significant decline in electricity consumption for residential homes and apartments in 2012, compared to 2011. This is one indication that the marketing campaign "bruka minni" ("Use less") has encouraged consumers to think more about their electricity consumption. In addition, there is a distinct trend to replace old, uneconomical electrical appliances for newer, more economical appliances that use less electricity. Also, regular light bulbs are being replaced with low-power bulbs or LED bulbs, which use significantly less power than older light bulbs.

Table 2 shows the electricity consumption of private retail consumers distributed among the islands.

The Table below shows that consumers on Viðoy have the highest consumption, while consumers on Streymoy have an average consumption of 3,954 kWh. Total average consumption for all islands is 3,908 kWh, which is approximately the same consumption rate for consumers on Streymoy. Smaller places like Fugloy, Hestur and Mykines in the main have fewer consumers,

Table 2. Private consumption per island	Total kWh per island 2015	Total kWh per island 2014	Total kWh per island 2013	Number of consumers 2015	Number of consumers 2014	Number of consumers 2013	Average consumption per consumer 2015	Average consumption per consumer 2014	Average consumption per consumer 2013
Borðoy	8.148.458	8.279.490	8.450.992	1.964	1.956	1.944	4.149	4.233	4.347
Eysturoy	17.334.738	17.213.038	17.087.344	4.170	4.153	4.167	4.157	4.145	4.101
Fugloy	37.613	39.668	74.316	13	12	44	2.893	3.306	1.689
Hestur	48.849	49.465	47.195	27	27	27	1.809	1.832	1.748
Kalsoy	189.468	189.692	193.599	80	80	80	2.368	2.371	2.420
Kunoy	228.412	215.610	209.234	64	63	63	3.569	3.422	3.321
Mykines	56.721	52.821	54.572	41	41	42	1.383	1.288	1.299
Nólsoy	395.806	378.873	384.668	132	132	132	2.999	2.870	2.914
Sandoy	2.100.316	2.108.428	2.070.923	657	658	658	3.197	3.204	3.147
Skúvoy	85.383	82.908	85.083	40	40	40	2.135	2.073	2.127
Streymoy	35.682.249	35.455.756	35.369.653	9.025	8.991	8.939	3.954	3.943	3.957
Suðuroy	7.122.397	7.347.353	7.500.644	2.157	2.145	2.124	3.302	3.425	3.531
Svínoy	41.722	78.419	87.385	23	23	58	1.814	3.410	1.507
Vágoy	5.283.800	5.117.696	5.010.018	1.309	1.301	1.297	4.037	3.934	3.863
Viðoy	908.537	901.927	893.839	216	214	214	4.206	4.215	4.177
Total	77.664.469	77.511.144	77.519.465	19.918	19.836	19.829	3.899	3.908	3.909

because homes remain empty during part of the year. This impacts the average individual consumption rate for these islands.

Further details on sales are available in the Consolidated Group Annual Accounts available on the company's website, www.sev.fo.

Expenses

Expenses in 2015 were DKK 316.9 million against DKK 380.1 million in 2014, corresponding to a reduction of DKK 63.2 million or 16.7%. Included in this amount is a profit of DKK 25.2 million in 2015 and DKK 25.9 million in 2014 for the production plants.

Expenses for supplies and services and employee expenses were DKK 61.0 million against DKK 61.5 million in 2014, hence these expenses were DKK 0.5 million lower in 2015, compared to 2014.

Expenses related to SEV's universal service obligation

Total expenses for the power grid division include the cost to produce electricity and the cost of transporting that electricity throughout the country to each and all.

Total grid expenses can be subdivided into the expenses for controlling the power grid, the cost of ensuring the stable delivery of electricity, rolling power, power reserve, and other costs related to SEV's universal service obligation. The electricity production plants sell their power to the grid division. This payment to the grid division includes the price of electricity and a portion of the universal service obligation attributed to the production plants.

Expenses related to controlling the power grid

The Suðuroy power grid is managed at the production plant in Vágur, while management of the power grid for the central part of the country takes place at the Fossá power plant in Vestmanna.

The cost of some DKK 2.3 million to manage the power grid from the Fossá power plant is calculated, thus: total employee expenses at the Fossá power plant (DKK 3.0 million for a normal operational year) minus employee expenses related to the operation of the power plant itself per operational year (DKK 0.7 million). The cost to operate the power plant itself is deemed to be the same as the cost to run the Mýra and Heyga power plants combined, which corresponds to DKK 0.7 million for a regular operational year. The cost for managing the power grid at the Fossá power plant is used as the basis for the cost of managing the power grid on Suðuroy, corresponding to DKK 2.3 million.

The expenses related to SEV's universal service obligation, rolling power and power reserve

The expenses related to SEV's power supply guarantee, rolling power and its power reserve are estimated to be 5.0% of total

operational expenses, including depreciation, for the Sund and Vágs power plants, which equals DKK 7.2 million and DKK 1.5 million, respectively. This reflects a "best estimate" calculation.

The cost of the universal service obligation is otherwise based on SEV's operational cost for its smaller power plants around the country that are deemed to be extra power plants or power reserves. The smaller plants receive a reimbursement for employee expenses and supplies relative to operations in return for a supply guarantee. The remaining costs are recovered via a purchase of production for resale agreement. The electricity power plant at Strond receives reimbursement for employee expenses and supplies relative to the thermal production of electricity in return for a supply guarantee. The remaining costs are recovered via a purchase of production for resale agreement.

Summary of Expenses related to SEV's universal service obligation

The total cost for managing the country-wide power grid is DKK 4.6 million. The cost for ensuring the power supply, rolling power and power reserves at the Sund and Vágs power plants is DKK 8.7 million. The cost to guarantee supply, etc. from the other power plants is DKK 4.5 million, corresponding to an estimated total cost for ensuring a stable power supply, rolling and reserve power, plus the management of the power grid equalling DKK 18.0 million.

Employee Expenses

In 2015, total employee expenses were DKK 32.3 million, against DKK 32.8 million in 2014, including administration, corresponding to a reduction of DKK 0.5 million. Employee expenses for power grid activities in 2015 were DKK 21.1 million, against DKK 19.9 million in 2014, representing an increase of DKK 1.2 million, or 6.0% higher.

In 2015, employee expenses for administration were DKK 11.2 million, against DKK 12.9 million in 2014, corresponding to a decrease of DKK 1.7 million or 13.2%. Employee expenses for administration have remained steady over the last five years at around DKK 10.0 million annually. In 2012, employee expenses increased by some DKK 1.9 million due to an increase in the pension reserves of the Company. The same was applicable for 2013, where the pension reserves were lowered by DKK 1.9 million, while reserves grew again by DKK 1.2 million in 2014 based on a harmonization of pension reserves. In 2015, the pension reserve obligation was reduced by DKK 0.7 million.

Harmonization of pension reserves aside, employee expenses in 2015 were DKK 10.5 million, compared to DKK 11.7 million for 2014, which is DKK 1.2 million lower than the previous year. There are a number of union groups within the Company, and

SEV follows the public wage agreements that are in effect for the different union groups.

Supplies and Services

In 2015, total expenses for supplies and services were DKK 28.7 million, against DKK 28.7 million in 2014, and thus expenditures for supplies and services remained at the same level in 2015 as in 2014.

Power Grid Activities

In 2015, expenses for supplies and services related to power grid activities were DKK 11.8 million, compared to DKK 11.9 million in 2014, corresponding to a reduction of DKK 0.1 million, based on consumption by SEV's operational division. Storm damage during the winters of 2012/2013 and 2013/2014 also accelerated the level of expenses for supplies and services in 2013.

Administration

Administrative expense for supplies and services in 2015 was DKK 16.8 million, against DKK 16.8 million in 2014, thus expenditures for administrative supplies and services remained at the same level in 2015 as in 2014.

Further details regarding expenses for supplies and services are available in the Consolidated Group Annual Accounts available on the Company's website, www.sev.fo.

Financial Expenses

In 2015, interest expenses were DKK 13.6 million, against DKK 8.8 million in 2014, corresponding to an increase in financial costs of DKK 4.8 million. The increase in cost is associated with

an increase in the investment loan facilities and operation of the power grid. In 2015, SEV was sensitive to the fluctuations in the global interest rate market, as the Company's debt in 2015 was, in the main, subject to variable interest rates. This situation has been altered for 2016, because a major portion of the debt carried by SEV has been restructured to a fixed rate of interest.

Depreciation

In 2015, depreciation was DKK 34.4 million, against DKK 29.8 million in 2014, of which DKK 28.8 million derives from power grid activities and DKK 5.6 million from administration.

When the budget is being developed for the following year, estimates are made as to which investments will be concluded during that particular year and thus become operational and then in turn booked as assets subject to depreciation. The resultant difference between actual and estimated depreciation is a consequence of such estimates. Thus, actual depreciation, as well as actual investment, turned out to be slightly lower than budgeted.

Special Risks

The Company has limited exposure to customer defaults and closely monitors its accounts receivable.

As mentioned under the financial expenses section above, the Company is sensitive to interest rate fluctuations; however, the Company chose not to secure this risk via financial derivatives or similar financial tools in 2015. The Company monitors the trends in interest rates, and continually evaluates whether it would be advantageous to secure itself against fluctuations in interest

Table 3. Investment in DKK million	Investment budget 2015	Adjustments to investment budget 2015	Budget after adjustments	Investment according to annual accounts 2015	Difference between annual accounts and adjusted budget
	1	2	3=1+2	4	5=3-4
Coupling stations and power grid etc.	145.2	1.3	146.5	95.8	50.7
Administration building, tools, and IT equipment	44.6	0.0	44.6	14.6	30.0
Total	189.9	1.3	191.1	110.4	80.7

Table 4. Total Investment	2015	2014
Investment booked as work-in-progress	98.3	85.9
Directly booked investment as in-transition	12.1	10.8
Investment at year-end	110.4	96.7

Table 5. Work-in-progress	2015	2014
Beginning Balance	88.6	27.5
Investment booked as work-in-progress	98.3	85.9
Work transferred to depreciation as in-transition	-94.1	-24.8
Balance at year-end	92.7	88.6
Adjustments to work-in-progress	4.1	61.0

Table 6. Transition to fixed assets	2015	2014
Work-in-progress transferred to depreciation as in-transition	94.1	24.8
Directly booked investment as in-transition to fixed assets	12.1	10.6
In-transition at year-end	106.3	35.4

rates. At year-end, the Company elected to insure itself against interest rate risk. A more detailed discussion of this can be found in the Consolidated Group Annual Accounts at the Company's website, www.sev.fo.

Investment

In 2015, investment in fixed assets was DKK 110.4 million, against DKK 96.7 million in 2014, cf. Table 4.

Compared to the financial budget for 2015, the actual investment in fixed assets was DKK 80.7 million less than budgeted. In 2014, the amount was DKK 62.2 million less than budgeted. Investment in the coupling stations and the power grid was DKK 50.7 million less than estimated. Further, investment in the administrative headquarters, contingency, tools, IT equipment/software, wireless meters, the battery system at Húsahagi coupling station, as well as the Schneider Electric automatic control system, was DKK 30.0 million less than budgeted.

Asset transfers to "in-transition" from "work-in-progress" and directly booked to fixed assets (in-transition to fixed asset at depreciation basis) were DKK 106.3 million in 2015, against DKK 35.4 million in 2014. Confer "work-in-progress" and note 7 in the consolidated annual accounts.

Further details regarding investment are available in the Consolidated Group Annual Accounts available on the Company's website, www.sev.fo.

Liquidity

Liquidity has not been divided between the production division and the power grid division. Although originally intended, SEV has provisionally chosen to utilize a transfer pricing mechanism to balance the accounts of the two divisions. Thus, the liquidity of the production division is set to DKK 0.00 million, while all the activities of the power plants are financed by payment from the power grid division, thereby securing the necessary liquidity for all the power production plants.

By year-end 2015, total liquidity for the Company was DKK

221.9 million against DKK 131.5 million in 2014. In addition, the unused drawing rights provided by the credit loan facilities with the financial institutions are available, which equalled in total DKK 268.6 million.

Thus, cash-on-hand and the credit facilities equalled DKK 490.5 million in 2015, compared to DKK 262.4 million in 2014.

The goal is to maintain sufficient liquidity so that SEV is always able to pay in cash for an oil purchase or to cover the cost of any damage at the power plants or to the grid. Furthermore, it is deemed necessary to have sufficient liquidity to cover daily operations of the power plants and the grid. Additionally, it is considered advisable to maintain adequate liquidity, given the instability of the global financial markets. Further details on the Company's liquidity are available in the Consolidated Group Annual Accounts available on the Company's website, www.sev.fo.

The Natural Environment

The Company has a high regard for the natural environment and all legislation, directives, rules and regulations are always followed.

Professional Knowledge and Human Resource Development

The Company fully acknowledges the importance of ensuring that the appropriate knowledge, expertise and experience is in place throughout the Company to the level necessary and organizes relevant continuing education and professional training for its employees. The power grid unit continuously strives to ensure quality and to develop and improve the grid to guarantee the supply of power to the country. To this end, the power grid division is installing a new control system from Schneider Electric, and continues to use the Smart Grid and Power Hub solutions.

Prospects for 2016

Based on the proposed budget for 2016, the result after taxes for the power grid division will be a profit of approximately DKK 42 - 52 million. It is anticipated that the profit will be higher than originally estimated – in the range of DKK 20 million – because of lower oil prices.

This result is satisfactory, and the result going forward must yield a satisfactory profit. Going forward, it will be necessary to undertake viable and sustainable initiatives relative to operations, as well as the setting of a suitable kWh price. Considerable effort has been dedicated to reviewing the pricing schedule and tariffs to determine if the various individual prices are appropriate and correct. In addition, the Company carried out cost-benefit analyses for the different customer categories and for individual customers in an effort to systematically improve profitability within each customer group.

Originally, budget calculations were made using an average increase in the consumption of electrical power of 1.7% for 2016, compared to an actual usage increase of 1.5% in 2015. The increase derives from growth within several customer groups, each with different rates of growth. Thus, it is anticipated that there will be an increase in kWh sales.

Based on 2014 sales, and partially on sales for 2015, the budget forecasts sales in 2016 of 296.6 GWh, or DKK 397.1 million. The fixed base-rate payment will essentially remain unchanged at DKK 16.7 million. In addition, income from connection fees, etc. will be DKK 14.1 million. Thus, the budget forecasts a total combined income of DKK 427.9 million for 2016, against DKK 422.1 million in 2015. This corresponds to an increase in income for the Company of DKK 5.8 million, compared to 2015.

It has been decided that SEV will establish two independent subsidiaries to manage the windfarms at Neshagi and Húsahagi, respectively. This means that the purchase of wind power will increase, while at the same time costs for material and wages, depreciation and interest will decrease. The result from the subsidiaries will be incorporated into the Concern's annual accounts under capital assets. The total result for SEV, thus, would not be impacted.

In 2016, operational costs are expected to be DKK 83.4 million, against DKK 59.0 million in 2015, corresponding to a cost increase of DKK 24.4 million, or 41.4%. Depreciation is budgeted to be DKK 40.5 million, and net interest expense is expected to be DKK 13.2 million. The increased interest expense in recent years derives from increased debt to finance especially operations and, partly, capital investments.

With an estimated profit of approximately DKK 42 - 52 million for 2016, operational investment could be self-financed, which is appropriate. It is critical to ensure adequate self-financing of future investment from operations. These future investments shall encompass coupling stations, ongoing maintenance of the current grid infrastructure, as well as investment in development of the grid to accommodate more and more electricity from

renewable energy sources and to distribute this further to the Company's customers..

In order for SEV to maintain sufficient liquidity, and to obtain loans from lenders for the major investments planned for the coming years, it is critical that the power grid unit maintains a satisfactory operational result going forward.

More information about 2016 is available in the 2016 Operations, Financial and Investment Budget Plan, which is available at www.sev.fo.

Events After the Closing of the Accounts

From the closing date of the financial statements to date, nothing has occurred that would impact the assessment of the annual accounts.

Accounting Principles

General

The Annual Accounts for the Elnet SEV Grid Unit are prepared in accordance with the provisions of the Faroese Financial Statements Act for large Class C corporations.

The Annual Accounts apply the same accounting principles as the previous year and are presented in Danish kroner.

Amounts in the Income Statement, Balance Sheet, Notes, etc. are rounded to whole numbers, and comparative figures from the previous year are rounded to whole thousands. As each number is rounded individually, rounding differences may occur between the numbers presented and the sum of the underlying numbers.

Where a table in the financial statement shows numbers in DKK rounded to whole thousand or million, and the table shows differences between periods, either in DKK or percent, the comparisons are calculated on the basis of the underlying numbers and then rounded off. As a result of this, small differences can occur between the rounded numbers shown in the table and the calculated comparisons.

Basis for recognition and valuations

In the Income Statement, income is recognised as earned. The same pertains to valuation adjustments of financial assets and liabilities. Included in the Income Statement are all expenses, including depreciation, amortisation, provisions, and impairment losses derived from changes in the financial estimates of the amounts that otherwise have been recognised in the operational accounts.

Assets are recognised in the Balance Sheet when future economic benefits are likely to flow to the Company and the value of such assets can be measured reliably.

Liabilities are recognised in the Balance Sheet when they are reasonably likely to occur and can be measured reliably.

Relative to recognition and valuation, due regard is given to foreseeable loss and risks arising before the time at which the Annual Report is presented, and relate to circumstances present as at the end of the fiscal year.

Translation of foreign currency

Foreign currency transactions are translated using the rate of exchange applicable as at the date of transaction. Realised and unrealised translation gains and losses are recognised in the Income Statement under financial items.

Receivables, liabilities and other financial booking in foreign currencies that are not translated as at the end of the fiscal year are translated using the exchange rates applicable as at the end of the fiscal year. The difference between the exchange rate as at the end of the fiscal year and the exchange rate current as at the date of the transaction are recognised in the Income Statement under financial items.

INCOME STATEMENT

Net Sales

Net sales are recognised in the Income Statement, provided that delivery has been effected and the risk has passed to the buyer by the end of the fiscal year and income is reliably pending and is expected to be received. Net sales exclude VAT, fees and rebates in connection with sales.

Consumption of Goods and Services

Consumption of goods and services includes costs for the purchase of raw materials and consumables, less rebates and changes in inventory during the year.

Other External Expenses

This item comprises external costs related to the purchase of oil, supplies and other services, as well as other administrative costs.

Operational Distribution – Production and Grid

For each production plant, revenue is calculated as: total expenses of the plant, plus a production profit on the plant's individual assets. A production profit is based on the forecasted return on long-term mortgage bonds and the asset valuation of a production plant.

Total power plant expenses accrue from the cost of producing electricity, plus grid responsibility costs. These costs can be subdivided into the cost for management / control of the electricity grid, the cost of guaranteeing supply, spinning reserve, supplemental reserve and other costs related to grid responsibility.

The cost for managing / controlling the grid in the main central region is calculated: Total wage expense for the Fossá power plant minus the wage expense for ordinary operation of the power plant. The cost of managing / controlling the grid in Suðuroy is the same as the cost of managing the grid in the main region.

The cost of guaranteeing supply, spinning reserve and supplemental reserve is estimated as a part of total operating expenses, including depreciation, for the Sund power plant and Vágs power plant. This is a fixed cost estimate.

Other costs related to grid responsibility are based on the expenses of all the small power plants scattered around the country. Operating expenses for wages and supplies are reimbursed to the small plants as compensation for the supply guarantee; remaining costs are their own production. Strond power plant receives a guarantee of supply reimbursement for the operating expenses of wages and supplies used in thermal production. Remaining expenses accrue from their own production.

Employee Expenses

Employee expenses encompass wages plus vacation pay and pension benefits including other social benefits. Any compensation received from the government is deducted from employee expenses.

Depreciation and Write-offs

The depreciation and amortisation of intangible and tangible fixed assets are based on an asset's projected useful life.

Financials

Financials include interest receivable and interest payable, realised and unrealised capital gains and losses on financial assets and debt. Financial revenue and expense are booked at value for the relevant accounting year.

Dividends from equity investments in Associated Companies are recognised as revenues in the accounting year in which they are approved.

Interest expense and other loan costs to finance production of intangible and tangible fixed assets and are related to the production period are not included in the projected useful life of the asset.

BALANCE SHEET

Tangible Assets

Tangible assets are valued at acquisition cost less accumulated depreciation and write-offs. Land is not depreciated.

The depreciation basis includes the acquisition value less the expected residual value at the end of the asset's prescribed useful life.

Acquisition value includes the purchase price and costs directly accruing from the time of acquisition to the time when the asset is ready for use.

Depreciation is based on an asset's projected useful life and the residual value of the asset:

	<i>Useful life</i>	<i>Residual value</i>
<i>Distribution plants</i>	<i>10 - 50 years</i>	<i>0%</i>
<i>Buildings</i>	<i>50 years</i>	<i>0%</i>
<i>Production equipment and furnishings</i>	<i>3-5 years</i>	<i>0%</i>

Equipment with an expected useful life under one year is expensed in the year of acquisition.

Regarding own production assets, the acquisition value includes the cost of supplies / consumables, parts, suppliers, direct wage expense and indirect production costs.

Depreciation of Fixed Assets

Every year the carrying amount of tangible fixed assets is appraised to obtain an indication of whether they have lost value or have been impaired. This is done in addition to general depreciation write-offs.

When a loss in value is indicated, impairment tests are carried out on each individual asset and each asset category. Assets with impaired value are written down to the recoverable amount, if this amount is lower than the carrying amount.

The recoverable amount is either the net realisable or sale value or the capital value. Capital value is calculated as the current value of the expected net revenues accruing from using an asset or asset group.

FINANCIAL ASSETS

Capital investment in Associated Companies

Investment in Associated Companies is recognised in the Balance Sheet at acquisition value. If the net realisable value is lower than the acquisition value, it is depreciated to the lower value.

Inventory

Inventory is measured at cost price according to FIFO principles. If the net realisable value of the inventory is lower than the acquisition value, it is depreciated to the lower value.

The acquisition value of goods for sale, including raw materials

and consumables, is measured as the purchase price plus freight expenses.

The acquisition value of finished goods and goods-in-production is measured as the acquisition value of the raw materials, consumables, direct labour costs and indirect production costs. Indirect production costs include indirect supplies and wages, plus maintenance and depreciation of machinery, buildings and equipment used in production. In addition, the booked costs include costs to manage and administer production, plus R&D costs relative to the goods.

Receivables

Receivables are valued at the amortised acquisition cost, which generally corresponds to nominal value. To guard against possible loss, receivables are written-down to net realised value.

Prepayments

Prepayments that are included under assets include realised costs attributable to the coming fiscal year.

Cash-on-hand

Cash-on-hand includes cash-on-hand and short-term (under 3 months) securities that could be readily converted to cash and where there is an insignificant risk for changes in valuation.

Current and Deferred Taxes

Current tax, payable and receivable, is recognised in the Balance Sheet as the tax computed on the basis of the taxable income for the year, adjusted for tax paid on account the previous year. Current tax payable and receivable tax are recognised based on the set off permitted by law and the booked amounts generally calculated at net or current.

Deferred tax is calculated on the basis of all temporary differences between the carrying amount and the tax base of assets and liabilities. This is recognised in the Balance Sheet based on intended use of the asset or how the debt is intended to be repaid.

Deferred tax assets, including tax deficits carried forward, are recognised at the anticipated realisable value, either by adjusting the tax on future income or by off-setting deferred tax within the same legal tax entity. Possible deferred net receivable tax is recognised at net realised value.

Deferred tax is valued consistent with the tax regulations and tax rates applicable as at the end of the fiscal year.

Adjustments to deferred tax resulting from changes to the tax rate are incorporated into the operational accounts.

Other Provisions

Provisions include anticipated costs for guarantees, loss from work-in-progress, adjustments, etc. Provisions are recognised when the Company has a legal or material debt based on an event that had occurred and it is probable that the debt will be paid by utilising the financial assets of the Company.

Provisions are valued at net realised value or at current value when it is expected that the debt shall be paid in the distant future.

Liabilities

Relative to loan facilities, financial debt is recognised at realised or acquisition value, corresponding to the received amount less transaction fees. Subsequently, financial debt is recognised at the amortised realised value, which corresponds to capitalised value plus effective interest such that the difference between the received amount and the nominal value is recognised in the operational accounts over the period of the loan facility.

Debt to financial institutions is valued at amortised realised value, which corresponds to the residual debt of a cash loan. Regarding the value of bonds, the amortised realised value is calculated as the cash value on the date the bond was issued, adjusted by the booked depreciation during the installment period of the effective rate of interest at the time of contracting such debt.

Other debt is also measured at the amortised realised value, which usually corresponds to the nominal value.

CASH FLOW STATEMENT

The Cash Flow Statement is prepared using the indirect method and shows cash flows from operations, investing and financing activities, changes in liquidity and cash-on-hand at the beginning and at the end of the year.

Cash flows from operating activities are adjusted for non-cash operating items, changes in working capital and tax paid.

Cash flows from investments comprise the acquisition and disposal of intangible, tangible and financial assets, adjusted for changes in accounts receivable and any liabilities on said items.

Cash flows from financing comprise financing from shareholders, dividends paid to shareholders, the initiation and subsequent

repayment of long-term liabilities, in addition to withdrawals from credit facilities.

Cash-on-hand at the beginning and end of the year comprises both cash and bank deposits.

KEY FIGURES

The Key Figures are calculated consistent with The Danish Finance Society [Den Danske Finansanalytikerforenings], *Recommendations and Financial Ratios 2010*.

The Key Figures and ratios shown in the overview are calculated thus:

$$\text{Return on equity} = \frac{\text{Result}}{\text{Average equity} \times 100}$$

$$\text{Asset turnover} = \frac{\text{Net sales}}{\text{Total assets}}$$

$$\text{Equity/asset ratio} = \frac{\text{Equity year-end} \times 100}{\text{Total assets}}$$

Income Statement 1 January – 31 December

	Note	2015 DKK	2014 t. DKK
Net turnover	1	417.604.994	411.888
Electricity purchased		-210.125.342	-257.655
Wind power purchased		-2.401.556	-2.538
Grid responsibility and management		-18.045.931	-19.472
Cost of oil	2	-251.118	-262
Supplies and services	3	-28.655.319	-28.694
Gross earnings		158.125.728	103.266
Wages	4	-32.315.593	-32.764
Results before depreciation and amortisation		125.810.135	70.502
Depreciation and amortisation of fixed assets		-34.356.396	-29.831
Results before financials		91.453.739	40.671
Financial expenses	5	-13.609.252	-8.840
Results before tax		77.844.487	31.831
Tax on annual results	6	0	0
Annual results		77.844.487	31.831
Proposed distribution of results:			
Results		348.216.584	316.385
Results carried forward		77.844.487	31.831
		1.853.446	0
Available		427.914.516	348.216
Proposed distribution:			
Results carried forward		427.194.516	348.216
Total		427.194.516	348.216

Balance Sheet 31 December

ASSETS	Note	31.12.15 DKK	31.12.14 t. DKK
<i>Distribution stations</i>	7,16	425.251.492	354.366
<i>Buildings and land</i>	7	36.301.984	37.558
<i>Operating equipment</i>	7	34.245.794	31.946
<i>Investment work-in-progress</i>	7	92.696.352	88.585
Total tangible fixed assets		588.495.622	512.455
<i>Investment in associated companies</i>	8	2.850.000	2.850
Total financial assets		2.850.000	2.850
Total assets		591.345.622	515.305
<i>Inventory</i>		15.293.017	26.731
Total inventory		15.293.017	26.731
<i>Goods and service debtors</i>	9	77.533.673	68.804
<i>Inter-company accounts – Production</i>		88.939.773	45.401
<i>Other debtors</i>		0	0
<i>Prepayments</i>		4.387.430	2.584
Total receivables		170.860.876	116.331
Cash-on-hand		221.889.276	131.459
Total current assets		408.043.169	274.522
Total assets		999.388.791	789.827

Balance Sheet 31 December

LIABILITIES	Note	31.12.15 DKK	31.12.14 t. DKK
<i>Deposits</i>	10	4.139.875	4.140
<i>Results carried forward</i>	10	427.914.516	348.217
TOTAL EQUITY		432.054.391	352.357
<i>Provisions for pensions and equivalent liabilities</i>		18.845.044	19.366
<i>Other provisions</i>		0	0
Total provisions		18.845.044	19.366
<i>Bank debt</i>	11	480.323.506	319.515
Total long-term debt		480.323.506	319.515
<i>Current portion of long-term debt</i>	11	0	7.420
<i>Bank debt</i>		1.589.119	1.572
<i>Prepayment received from customers</i>		19.481.196	21.282
<i>Trade creditors</i>		32.110.734	51.092
<i>Other creditors</i>		14.984.800	17.224
Total short-term debt		68.165.850	98.590
TOTAL DEBT		548.489.356	418.104
TOTAL LIABILITIES		999.388.791	789.827
<i>Grid results per area</i>	12		
<i>Grid overview</i>	13		
<i>Mortgages and other liabilities</i>	14		

Cash Flow Statement

	Note	2015 DKK	2014 t. DKK
Annual results		77.844.487	31.831
<i>Adjustments</i>	15	47.965.648	38.671
<i>Changes in working capital</i>			
<i>Inventory</i>		11.438.261	-12.261
<i>Receivables</i>		-10.532.758	-13.568
<i>Trade creditors</i>		-18.981.101	23.011
<i>Inter-company accounts – Production</i>		-41.837.587	-22.730
<i>Other operating debt</i>		-4.561.360	16.304
Operations cash flow before financials		61.335.590	61.257
<i>Interest expense paid and equivalent expenses</i>		-13.609.252	-8.840
		-305.809	
Cash flow from operations		47.420.530	52.418
<i>Purchase of tangible fixed assets</i>		-106.285.602	-35.404
<i>Changes to work-in-progress</i>		-4.111.512	-61.045
Cash flow from investment		-110.397.114	-96.449
<i>Net loan facilities</i>		158.020.121	115.093
<i>Repayments of long-term debt</i>		-4.631.172	-6.082
<i>Increased draw on credit facility</i>		17.434	-114
Cash flow from financing		153.406.382	108.898
Total cash flow during the year		90.429.798	64.867
<i>Opening cash-on-hand</i>		131.459.477	66.593
Closing cash-on-hand		221.889.275	131.459

Notes

1. NET TURNOVER	2015 DKK	2014 t. DKK
<i>kWh charges etc.</i>	385.049.525	379.210
<i>Fixed charges</i>	16.428.281	16.477
<i>Connection fees</i>	16.175.093	14.656
<i>Other charges, past due charges and other sales</i>	-47.904	1.543
Total	417.604.994	411.889

2. COST OF OIL	2015 DKK	2014 t. DKK
<i>Gas oil</i>	251.118	263
Total	251.118	263

3. SUPPLIES AND SERVICES	2015 DKK	2014 t. DKK
<i>Aerial lines</i>	3.611.221	3.841
<i>Dam, pipelines and tunnels</i>	1.350	3
<i>Tanks and environment</i>	0	32
<i>Motors</i>	50.909	-5
<i>Electric and technical</i>	93.597	272
<i>Buildings and land</i>	1.486.829	1.324
<i>Annual Meeting and Board</i>	156.772	181
<i>Studies and consultancy</i>	5.346.944	4.193
<i>IT</i>	3.920.519	1.950
<i>Loss on receivables</i>	-340.458	863
<i>Management and office expenses</i>	2.120.442	3.042
<i>Other operating expenses</i>	531.463	103
<i>Other administrative expenses</i>	11.675.732	12.897
Total	28.655.319	28.694

4. EMPLOYEE EXPENSES	2015 DKK	2014 t. DKK
<i>Wages</i>	26.864.169	27.753
<i>Pensions</i>	4.180.667	3.808
<i>Additional burden</i>	1.270.757	1.202
Total	32.315.593	32.764

<i>Employees with SEV as main source of personal income</i>	80	76
<i>Average number of employees</i>	98	99

5. FINANCIAL EXPENSES	2015 DKK	2014 t. DKK
<i>Interest, loans and bank debt, etc.</i>	13.609.252	8.840
Total	13.609.252	8.840

6. TAXES ON ANNUAL RESULTS	2015 DKK	2014 t. DKK
<i>Corporate tax</i>	0	0
<i>Adjustment of deferred tax</i>	0	0
Total	0	0

7. TANGIBLE FIXED ASSETS					
Amount in DKK	Distribution stations	Buildings	Equipment	Total 2015	2014
<i>Acquisition value beginning-of-year</i>	774.858.602	67.332.291	155.057.941	997.248.834	963.188.251
<i>Net annual addition</i>	95.321.029	0	10.964.573	106.285.602	35.403.719
Acquisition value year-end	870.179.631	67.332.291	166.022.514	1.103.534.436	998.591.971
<i>Depreciation, amortization and impairment beginning-of-year</i>	-420.492.731	-29.774.538	-123.111.502	-573.378.771	-544.890.772
<i>Depreciation, amortization and impairment over the year</i>	-24.435.408	-1.255.770	-8.665.218	-34.356.396	-29.831.135
<i>Depreciation, amortization and impairment at year-end</i>	-444.928.139	-31.030.307	-131.776.720	-607.735.166	-574.721.907
Carrying amount year-end	425.251.492	36.301.984	34.245.794	495.799.270	423.870.064
Carrying amount year-end 2014	354.365.871	37.557.753	31.946.439	423.870.064	
<i>Initial balance</i>	86.274.327	1.310.369	1.000.144	88.584.840	27.539.729
<i>Investment booked to work-in-progress</i>	92.576.902	149.014	5.533.844	98.259.760	85.860.059
<i>Work transferred to depreciation as transition</i>	-92.162.995	0	-1.985.253	-94.148.248	-24.814.945
Balance year-end	86.688.234	1.459.383	4.548.735	92.696.352	88.584.840
Balance at year-end 2014	86.274.327	1.310.369	1.000.144	88.584.840	
Fixed assets at year-end	511.939.726	37.761.368	38.794.529	588.495.622	512.454.904
Fixed assets at year-end 2014	440.640.198	38.868.123	32.946.583	512.454.904	

	31.12.15	31.12.14
8. INVESTMENTS IN ASSOCIATED COMPANIES	DKK	tDKK
<i>Acquisition value beginning-of-year</i>	2.850.000	2.850
<i>Acquisition value year-end</i>	2.850.000	2.850
<i>Carrying amount year-end</i>	2.850.000	2.850

Associated companies

Name and registered office	Share	Equity	Annual results	Recognized value
<i>P/F Fjarhitafelagið, Tórshavn</i>	50%	57.444.936	3.419.299	2.750.000
<i>P/F FDS, Tórshavn</i>	20%	652.827	-23.131	100.000

The numbers shown are for the fiscal year 2014. P/F FDS has been voluntarily liquidated in 2016, and the recognized value for 2016 will therefore be 0.

	31.12.15	31.12.14
9. TRADE CREDITORS	DKK	tDKK
<i>Electricity creditors</i>	77.950.996	68.002
<i>Other creditors</i>	3.682.677	5.502
<i>Receivables write-down</i>	-4.100.000	-4.700
Total	77.533.673	68.804

10. EQUITY

Total in DKK	Deposit	Result carried over
<i>Equity statement 1 January 2014 – 31 December 2014</i>		
<i>Balance as at 1 January 2014</i>	4.139.875	316.385.112
<i>Profit carried forward</i>	0	31.831.472
<i>Balance as at 31 December 2014</i>	4.139.875	348.216.584

Equity statement 1 January 2015 – 31 December 2015

<i>Balance as at 1 January 2015</i>	4.139.875	348.216.584
<i>Profit carried forward</i>	0	77.844.487
		1.853.446
<i>Balance as at 31 December 2015</i>	4.139.875	427.914.516

The adjustments to prior years of DKK 1,853,446 are due to inter-company transactions regarding fixed assets being posted between production and grid.

	<i>Repayment in the first year DKK</i>	<i>Outstanding debt after 5 years DKK</i>	<i>Total debt 31 Dec. 2015 DKK</i>	<i>Total debt 31 Dec. 2014 tDKK</i>
<i>Debt to financial institutions</i>	0	0	480.323.506	319.515
Total	0	0	480.323.506	319.515

The Company has taken up new loans of DKK 158 million in 2015. The Company's long-term debt was provisionally refinanced in July of 2015 by a consortium of banks, lead by Skandinaviska Enskilda Banken, including Íleggingargrunnurin, BankNordik and Eik Banki, while SEV is working towards a final long-term settlement of its financing, expected to be completed in the summer of 2016. There are no loan repayments in the first year, and the existing loans are due for repayment within 5 years. Therefore the long-term debt will be refinanced in 2016, and new loans taken up as well to finance upcoming investments.

12. GRID RESULTS PER AREA

	<i>Revenues</i>	<i>Oil</i>	<i>Supplies</i>	<i>Wages</i>	<i>Depreciation</i>	<i>Interest</i>	<i>Total</i>
<i>Coupling stations</i>			-601.807	-229.154	-4.351.326		-5.182.288
<i>Distribution stations</i>	-470.997	-222.550	-6.957.248	-12.518.055	-21.412.502		-41.581.352
<i>Installations</i>	16.530.493		-1.860.549	-4.507.294	-2.404.887		7.757.762
<i>Engineering</i>			-1.705.673	-2.745.615	-112.605		-4.563.894
<i>Technical</i>	80.000		-690.162	-1.109.664	-446.641		-2.166.467
Grid without administration	16.139.495	-222.550	-11.815.439	-21.109.783	-28.727.961	-	-45.736.238
<i>Administration</i>	170.892.670	-28.568	-16.839.880	-11.205.810	-5.628.434	-13.609.252	123.580.725
Grid results	187.032.165	-251.118	-28.655.319	-32.315.593	-34.356.396	-13.609.252	77.844.487

13. GRID ASSETS

	Fugloy	Svínoy	Víðoy	Borðoy	Kunoy	Kalsoy	Eysturoy	Streymoy	Vágoy	Mykines	Nólsoy	Koltur	Hestoy	Sandoy	Skúvoy	Stóra Dímun	Suðuroy	Total			
<i>TRANSMISSION SUBSTATIONS</i>																					
Transmission substations	1			2															3	units	
10kV Transmission substations		1	6	32	4	7		74			1			17				60	202	units	
20kV Transmission substations				2			120	92	31				1							246	units
60kV Transmission substations				1			2	5												8	units
Total per area	1	1	6	37	4	7	122	171	31		1		1	17				60	459	units	
<i>TRANSFORMERS</i>																					
6kV Transformers	2			4																6	units
10kV Transformers		1	6	40	4	7		86			1			18				76	239	units	
20kV Transformers				4			145	118	40				1	3				3	314	units	
60kV Transformers				1			4	15												20	units
Total per area	2	1	6	49	4	7	149	219	40		1		1	21				79	579	units	
<i>CABLE DISTRIBUTION CABINETS</i>																					
0.4kV cable distribution cabinets	14	25	82	514	31	33	1596	2353	524	7	38		10	219	11	1	885	6343		units	
<i>LINES AND CABLES</i>																					
60kV line				1,05			37,98	43,19												82,22	km
60kV cable				0,09			20,97	22,99												44,05	km
20kV line							37,03	48,37	9,27										12,03	106,70	km
20kV cable				11,46			197,23	163,06	38,94				0,56	0,64				4,30	416,19		km
10kV line		3,23	15,97	10,60	5,42	0,43		1,10						7,02				36,34	80,11		km
10kV cable		0,55	4,38	31,58	6,43	17,77		88,35		1,47				36,50				74,18	261,21		km
6kV line	2,19			7,17																9,36	km
6kV cable	0,17			0,07																0,24	km
0.4kV line								0,04												0,04	km
0.4kV cable	1,10	4,22	11,08	63,08	3,44	3,76	204,01	294,58	60,12	0,55	3,38	0,38	0,90	28,77	0,88	0,14	103,12	783,51		km	
<i>METERS</i>																					
Remote kWh meters	60	79	274	2496	87	126	5320	10375	1582	53	178	4	42	815	54	3	2853	24401		units	
Non-remote kWh meters	0	0	4	36	0	0	100	435	35	1	2	0	0	9	0	1	51	674		units	
Area kWh meters total	60	79	278	2532	87	126	5420	10810	1617	54	180	4	42	824	54	4	2904	25075	units		
Increase 2015	1	0	0	16	-1	1	21	39	15	0	0	2	0	-1	0	0	10	103		units	

14. MORTGAGES AND OTHER OBLIGATIONS

Please refer to the Efelagið SEV Consolidated Group Annual Accounts for information relative to mortgages and other liabilities

	2015	2014
	DKK	t. DKK
15. ADJUSTMENTS		
<i>Amortisations</i>	34.356.396	29.831
<i>Interest expense and equivalent expenses</i>	13.609.252	8.840
Total	47.965.648	38.671

	2015 DKK	2014 t. DKK
16. PER DISTRIBUTION STATIONS		
<i>Coupling stations</i>	104.060.769	103.282
<i>Distribution stations</i>	321.458.008	251.083
Total	425.518.777	354.355

Power grid

