

South Wind Energy ApS

c/o Per Villum Hansen
Fjordager 10
4040 Jyllinge

CVR no 10 06 81 26

Annual report for 2015/16

(15th Financial year)

Prepared without audit or review

Adopted at the annual general meeting
on 8 February 2017

Lone Hansen
Chairman

Contents

Page

Statements

Statement by Management on the annual report	1
Auditor's Report on Compilation of Financial Statements	2

Management's review

Company details	3
Management's review	4

Financial statements

Accounting policies	5
Income Statement	8
Balance Sheet	9
Notes to the annual report	11

Statement by Management on the annual report

The Executive and Supervisory Boards have today discussed and approved the annual report of South Wind Energy ApS for the financial year 1 October 2015 - 30 September 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 September 2016 and of the results of the the Company's operations for the financial year 1 October 2015 - 30 September 2016.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review

The annual report have not been audited, the Management declare, that the conditions are met.

We recommend the adoption of the annual report at the annual general meeting.

Jyllinge, 2 February 2017

Executive Board

Lone Hansen

Supervisory Board

Carlo Berton
Chairman

Paola Sposini

Giulia Berton

Livia Berton

Auditor's Report on Compilation of Financial Statements

To the shareholders of South Wind Energy ApS

We have compiled the financial statements for the financial year 1 October 2015 - 30 September 2016 of South Wind Energy ApS based on the Company's bookkeeping and other information you have provided.

These financial statements comprise summary of significant accounting policies, income statement, balance sheet and notes

We performed this compilation engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Auditor Regulation and FSR – Danish Auditors' code of ethics, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Hellerup, 2 February 2017

CVR-no. 33 25 68 76

 Crowe Horwath.

Hans Olsen
State Authorised Public Accountant

Company details

The Company

South Wind Energy ApS
c/o Per Villum Hansen
Fjordager 10
4040 Jyllinge

CVR no.: 10 06 81 26
Reporting period: 1 October - 30 September
Incorporated: 1. February 2001
Financial year: 15th financial year
Domicile: Roskilde

Supervisory Board

Carlo Berton, Chairman
Paola Sposini
Giulia Berton
Livia Berton

Executive Board

Lone Hansen

Auditors

Crowe Horwath
Statsautoriseret Revisionsinteressentskab
Rygårds Allé 104
2900 Hellerup

Management's review

Business activities

The company has a function as holding company for its associated and affiliated companies whom have activities in development of wind farms etc. in Italy. Furthermore the company delivers consultancy services to companies working in the same business.

Business review

The Company's income statement for the year ended 30 September shows a profit of DKK 44.938, and the balance sheet at 30 September 2016 shows equity of DKK 2.102.822.

The projects in the associates have still been delayed, and the expected sales of these have not yet taken place. The affiliates show losses caused provision for loss on projects and receivables.

The company has made provision for loss regarding receivables at associates and partners due to uncertainties. These companies expect to close some major projects in coming years and will hereafter payback the loan included interest.

The provisions for loss are affected of the slow development in Italy, lack of regulatory approvals etc. The provisions are based on estimates and due to the actual situation, but naturally there are uncertainties.

Several of the associates are expected to reach sales of their individual projects in the coming financial years. After the end of the reporting period, rates have come, but unfortunately up to now, no project has been approved. However, the end customer has taken exception to this, and the company expects a positive result. A decision will, however not be made until during spring 2017.

The Company's activities expect to generate positive cash flow within 1-2 years and therefore still depending of support from the owners. The Management expects this to happen and therefore the annual report is rendered under the condition of continuous operation.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the group's and the parent company's financial position.

Accounting policies

The annual report of South Wind Energy ApS for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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 amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

The gross profit include revenue deducted other external expenses.

Revenue

Revenue is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on account taxation scheme.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Investments in associates are accounted for the proportionate share of the net asset value, calculated according to parent company's accounting practices.

Associated companies with a negative equity value is recognized at DKK nil, and any receivables from these companies are written down by the company's share of the negative equity to the extent it deemed uncollectible. If the negative equity value exceeds the claims, the remaining amount under provisions to the extent that the company has a legal or actual obligation to cover the associate's losses.

Net appreciation of investments in associated companies is transferred to the reserve for net revaluation under the equity method to the extent that the carrying value exceeds the cost price.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Accounting policies

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement
1 October - 30 September 2016

	<u>Note</u>	<u>2015/16</u> DKK	<u>2014/15</u> TDKK
Gross profit		-30.588	-20
Financial income		291.976	345
Financial costs		<u>-216.450</u>	<u>-250</u>
Profit/loss before tax		44.938	75
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Net profit/loss for the year		<u>44.938</u>	<u>75</u>
 Proposed distribution of profit			
Retained earnings		<u>44.938</u>	<u>75</u>
		<u>44.938</u>	<u>75</u>

Balance sheet at 30 September 2016

	<u>Note</u>	<u>2015/16</u> DKK	<u>2014/15</u> TDKK
Assets			
Investments in subsidiaries	2	74.494	74
Investments in associates	3	0	0
Other receivables		992.340	992
Fixed asset investments		<u>1.066.834</u>	<u>1.066</u>
Fixed assets total		<u>1.066.834</u>	<u>1.066</u>
Receivables from subsidiaries		521.658	522
Other receivables		855.690	781
Receivables		<u>1.377.348</u>	<u>1.303</u>
Cash at bank and in hand		<u>107</u>	<u>0</u>
Currents assets total		<u>1.377.455</u>	<u>1.303</u>
Assets total		<u><u>2.444.289</u></u>	<u><u>2.369</u></u>

Balance sheet at 30 September 2016

	<u>Note</u>	<u>2015/16</u> DKK	<u>2014/15</u> TDKK
Liabilities and equity			
Share capital		125.000	125
Retained earnings		<u>1.977.822</u>	<u>1.933</u>
Equity	4	<u>2.102.822</u>	<u>2.058</u>
Trade payables		301.467	261
Other payables		<u>40.000</u>	<u>50</u>
Short-term debt		<u>341.467</u>	<u>311</u>
Debt total		<u>341.467</u>	<u>311</u>
Liabilities and equity total		<u><u>2.444.289</u></u>	<u><u>2.369</u></u>
Uncertainty about the continued operation (going concern)	1		
Contingent assets, liabilities and other financial obligations	5		
Charges and securities	6		
Uncertainty in the recognition and measurement	7		

Noter

1 Uncertainty about the continued operation (going concern)

The Company's activities expect to generate positive cash flow within 1-2 years and therefore still depending of support from the owners. The Management expects this to happen and therefore the annual report is rendered under the condition of continuous operation.

	<u>2015/16</u> DKK	<u>2014/15</u> TDKK
2 Investments in subsidiaries		
Cost at 1 October 2015	<u>74.494</u>	<u>74</u>
Cost at 30 September 2016	<u>74.494</u>	<u>74</u>
Revaluations at 1 October 2015	<u>0</u>	<u>0</u>
Revaluations at 30 September 2016	<u>0</u>	<u>0</u>
Carrying amount at 30 September 2016	<u><u>74.494</u></u>	<u><u>74</u></u>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Votes and ownership</u>
SWE Immobiliare S.r.l.	Italien	100%

Noter

	<u>2015/16</u>	<u>2014/15</u>
	DKK	TDKK
3 Investments in associates		
Cost at 1 October 2015	<u>7.813.351</u>	<u>7.814</u>
Cost at 30 September 2016	<u>7.813.351</u>	<u>7.814</u>
Revaluations at 1 October 2015	<u>-7.813.351</u>	<u>-7.814</u>
Revaluations at 30 September 2016	<u>-7.813.351</u>	<u>-7.814</u>
Carrying amount at 30 September 2016	<u><u>0</u></u>	<u><u>0</u></u>

Investments in associates are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Votes and ownership</u>
Baltic Enviro Partner ApS	Jyllinge	48%
Baltic Wind International ApS	Jyllinge	50%
Baltic Energy Group ApS	Jyllinge	50%
Vento Italia S.A.	Luxemborg	48%
Baltic Wind International Sarl	Luxemborg	50%

Noter

4 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 October 2015	125.000	1.932.884	2.057.884
Net profit/loss for the year	0	44.938	44.938
Equity at 30 September 2016	<u>125.000</u>	<u>1.977.822</u>	<u>2.102.822</u>

The share capital consists of:

4 A-shares of DKK 500	2.000
246 B-shares of DKK 500	<u>123.000</u>
	<u>125.000</u>

5 Contingent assets, liabilities and other financial obligations

Deferred tax TDKK 1.222 has not been recognized as a receivable.

6 Charges and securities

There are not pledged or secured by the assets at. 30. September 2016.

7 Uncertainty in the recognition and measurement

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The company has made provision for loss regarding receivables at associates and partners due to uncertainties. These companies expect to close some major projects in coming years and will hereafter pay back the loan included interest.

The provisions for loss are affected of the slow development in Italy, lack of regulatory approvals etc. The provisions are based on estimates and due to the actual situation, but naturally there are uncertainties.