

South Wind Energy ApS

c/o Per Villum Hansen
Fjordager 10
4040 Jyllinge

CVR no. 10 06 81 26

Annual report for 2017/18

(17th Financial year)

Prepared without audit or review

Adopted at the annual general meeting
on 14 March 2019

Lone Hansen
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of South Wind Energy ApS for the financial year 1 October 2017 - 30 September 2018.

The annual report is 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 2018 and of the results of the company's operations for the financial year 1 October 2017 - 30 September 2018.

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

The financial statements have not been audited. Management considers the criteria for not auditing the financial statements to be met.

Management recommends that the annual report should be approved at the general meeting.

Jyllinge, 4 March 2019

Executive board

Lone Hansen

Supervisory board

Carlo Berton
chairman

Livia Berton

Giulia Berton

Auditor's report on compilation of the financial statements

To the shareholders of South Wind Energy ApS

We have compiled the financial statements of South Wind Energy ApS for the financial year 1 October 2017 - 30 September 2018 based on the company's bookkeeping records and other information made available by enterprise.

The financial statements comprises summary of significant accounting policies, income statement, balance sheet and notes.

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

We have applied our professional expertise to assist the enterprise in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We complied with the relevant provisions of the Danish Act on Approved Auditors and Audit Firms and FSR - Danish Auditors' Code of Ethics for Professional Accountants, including principles relating to integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are the enterprise's responsibility.

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by enterprise for our compilation of the financial statements. Accordingly, we do not express an audit or a review conclusion on whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Hellerup, 4 March 2019

CVR no. 33 25 68 76



Hans Olsen
State Authorised Public Accountant
MNE no. mne25347

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 2017 - 30 September 2018

Incorporated: 1. February 2001

Financial year: 17th financial year

Domicile: Roskilde

Supervisory board

Carlo Berton, chairman
Livia Berton
Giulia Berton

Executive board

Lone Hansen

Auditors

Crowe
Statsautoriseret Revisionsinteressentskab v.m.b.a.
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 loss of DKK 173.386, and the balance sheet at 30 September 2018 shows equity of DKK 1.990.246.

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. The rates have come, but unfortunately up to now, no project has been approved. It is expected that one of the projects will be approved and started in 2019, and in this case the company expect a positive income.

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 company's financial position.

Accounting policies

The annual report of South Wind Energy ApS for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities.

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 is 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 mil, 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

Dividends

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 payables, 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 2017 - 30 September 2018

| | <u>Note</u> | <u>2017/18</u> DKK | <u>2016/17</u> TDKK |
|---|-------------|------------------------|------------------------|
| Gross profit | | -16.984 | -14 |
| Financial income | 2 | 236.214 | 229 |
| Financial costs | | <u>-392.616</u> | <u>-154</u> |
| Profit/loss before tax | | -173.386 | 61 |
| Tax on profit/loss for the year | | <u>0</u> | <u>0</u> |
| Profit/loss for the year | | <u>-173.386</u> | <u>61</u> |
| Recommended appropriation of profit/loss | | | |
| Retained earnings | | <u>-173.386</u> | <u>61</u> |
| | | <u>-173.386</u> | <u>61</u> |

Balance sheet at 30 September 2018

| | <u>Note</u> | <u>2017/18</u> DKK | <u>2016/17</u> TDKK |
|---------------------------------|-------------|--------------------------------|----------------------------|
| Assets | | | |
| Investments in subsidiaries | 3 | 74.494 | 74 |
| Investments in associates | 4 | 0 | 0 |
| Other receivables | | 992.340 | 992 |
| Fixed asset investments | | <u>1.066.834</u> | <u>1.066</u> |
| Total non-current assets | | <u>1.066.834</u> | <u>1.066</u> |
| Receivables from subsidiaries | | 521.658 | 522 |
| Other receivables | | 1.038.515 | 946 |
| Receivables | | <u>1.560.173</u> | <u>1.468</u> |
| Cash at bank and in hand | | <u>175</u> | <u>0</u> |
| Total current assets | | <u>1.560.348</u> | <u>1.468</u> |
| Total assets | | <u><u>2.627.182</u></u> | <u><u>2.534</u></u> |

Balance sheet at 30 September 2018

| | <u>Note</u> | <u>2017/18</u> DKK | <u>2016/17</u> TDKK |
|--|-------------|--------------------------------|----------------------------|
| Equity and liabilities | | | |
| Share capital | | 125.000 | 125 |
| Retained earnings | | 1.865.246 | 2.038 |
| Equity | 5 | <u>1.990.246</u> | <u>2.163</u> |
| Trade payables | | 606.936 | 341 |
| Other payables | | 30.000 | 30 |
| Total current liabilities | | <u>636.936</u> | <u>371</u> |
| Total liabilities | | <u>636.936</u> | <u>371</u> |
| Total equity and liabilities | | <u><u>2.627.182</u></u> | <u><u>2.534</u></u> |
| Uncertainty about the continued operation (going concern) | 1 | | |
| Contingent assets, liabilities and other financial obligations | 7 | | |
| Mortgages and collateral | 8 | | |
| Uncertainty in the recognition and measurement | 6 | | |

Notes

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>2017/18</u> DKK | <u>2016/17</u> TDKK |
|-----------------------------------|-----------------------|------------------------|
| 2 Financial income | | |
| Interest received from associates | 82.428 | 81 |
| Other financial income | <u>153.786</u> | <u>148</u> |
| | <u>236.214</u> | <u>229</u> |

| | <u>2017/18</u> DKK | <u>2016/17</u> TDKK |
|---|-----------------------|------------------------|
| 3 Investments in subsidiaries | | |
| Cost at 1 October 2017 | <u>74.494</u> | <u>74</u> |
| Cost at 30 September 2018 | <u>74.494</u> | <u>74</u> |
| Revaluations at 1 October 2017 | <u>0</u> | <u>0</u> |
| Revaluations at 30 September 2018 | <u>0</u> | <u>0</u> |
| Carrying amount at 30 September 2018 | <u>74.494</u> | <u>74</u> |

Investments in subsidiaries are specified as follows:

| <u>Name</u> | <u>Registered office</u> | <u>Ownership interest</u> |
|------------------------|--------------------------|---------------------------|
| SWE Immobiliare S.r.l. | Italien | 100% |

Notes

| | <u>2017/18</u> DKK | <u>2016/17</u> TDKK |
|---|------------------------|------------------------|
| 4 Investments in associates | | |
| Cost at 1 October 2017 | <u>7.813.351</u> | <u>7.814</u> |
| Cost at 30 September 2018 | <u>7.813.351</u> | <u>7.814</u> |
| Revaluations at 1 October 2017 | <u>-7.813.351</u> | <u>-7.814</u> |
| Revaluations at 30 September 2018 | <u>-7.813.351</u> | <u>-7.814</u> |
| Carrying amount at 30 September 2018 | <u><u>0</u></u> | <u><u>0</u></u> |

Investments in associates are specified as follows:

| <u>Name</u> | <u>Registered office</u> | <u>Ownership interest</u> |
|---|--------------------------|---------------------------|
| Baltic Enviro Partner ApS | Jyllinge | 48% |
| Baltic Wind International ApS under bankruptcy | Jyllinge | 50% |
| Baltic Energy Group ApS | Jyllinge | 50% |
| Vento Italia S.A. under bankruptcy | Luxemborg | 48% |
| Baltic Wind International Srl under bankruptcy | Luxemborg | 50% |

Notes

5 Equity

| | <u>Share capital</u> | <u>Retained earnings</u> | <u>Total</u> |
|------------------------------------|-----------------------|--------------------------|-------------------------|
| Equity at 1 October 2017 | 125.000 | 2.038.632 | 2.163.632 |
| Net profit/loss for the year | 0 | -173.386 | -173.386 |
| Equity at 30 September 2018 | <u>125.000</u> | <u>1.865.246</u> | <u>1.990.246</u> |

The share capital consists of:

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

6 Uncertainty in the recognition and measurement

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 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.

7 Contingent assets, liabilities and other financial obligations

The company has provided a guarantee for the debt in associated companies of a maximum of TDKK 2.100.

Deffered tax TDKK 1.200 has not been recognized as a receivable.

8 Mortgages and collateral

There are not pledged or secured by the assets at. 30. September 2018.