

PolyTech A/S
Industrivej 37
6740 Bramming
Business Registration No
17736590

Annual report 2018

The Annual General Meeting adopted the annual report on 07.06.2019

Chairman of the General Meeting

Name: Knud Andersen

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Entity details

Entity

PolyTech A/S
Industrivej 37
6740 Bramming

Central Business Registration No (CVR): 17736590

Registered in: Esbjerg

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Knud Andersen, Chairman
Bjarne Lie
Matthias Albert Harmen Schubert
Erik Laursen

Executive Board

Mads Kirkegaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PolyTech A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Bramming, 21.03.2019

Executive Board

Mads Kirkegaard

Board of Directors

Knud Andersen

Bjarne Lie

Matthias Albert Harmen
Schubert

Chairman

Erik Laursen

Independent auditor's report

To the shareholder of PolyTech A/S

Opinion

We have audited the financial statements of PolyTech A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 21.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) mne33276

Mikael Grosbøl
State Authorised Public Accountant
Identification No (MNE) mne33707

Management commentary

	2018	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	119,047	173,107	137,477	95,659	74,718
Operating profit/loss	71,828	60,117	46,417	39,640	41,297
Net financials	19,319	184	2,415	(3,600)	(4,260)
Profit/loss for the year	75,624	47,129	39,158	26,381	27,044
Total assets	151,428	241,854	210,447	156,995	92,361
Investments in property, plant and equipment	16,902	23,303	49,678	35,882	6,441
Equity	96,958	119,436	95,987	57,130	50,266
Ratios					
Return on equity (%)	69.9	43.8	51.1	49.1	74.5
Equity ratio (%)	64.0	49.4	45.6	36.4	54.4

Please note that the financial year 2018 is not comparable with previous years as a result of the establishment of the two subsidiaries PolyTech Manufacturing A/S and PolyTech Test & Validation A/S.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's primary activities comprise development, manufacturing and sale of supply systems for the wind industry, the offshore industry as well as the aviation industry.

Development in activities and finances

Profit for the year amounts to DKK 75.624k (DKK 47,129k in 2017). On 31 December 2018 equity stands at DKK 96.958k (DKK 119,436k in 2017).

During 2018 PolyTech's activities have been positively influenced by increasing demands in the Aftermarket segment. PolyTech also note a growing interest for products and solutions from the Aviation segment.

Thus, the development and result are in line with management's expectations.

The activities within PolyTech A/S have been separated into individual legal entities during 2018. Thus, Sales, R&D activities, Engineering and Shared Services are organized within PolyTech A/S Manufacturing activities are organized within a new establish subsidiary PolyTech Manufacturing A/S, and Test and Validation activities are organized within a new established subsidiary PolyTech Test & Validation A/S.

Outlook

The company expect an increasing interest and demand within all markets segments and an increasing result for 2019.

Particular risks

As key markets within the wind and offshore industry as well as the aftermarket segment are significantly affected by fluctuations of energy prices these may affect turnover as well commodity prices. Significant changes within these may have a material negative impact the company's result.

The Company buys and sells products predominantly settled in EUR, USD or CNY. The Company has chosen not to enter into forward exchange contracts to hedge currency risks.

The majority of the Company's payables to credit institutions constitute floating rate payables.

Environmental performance

The Company is certified to

ISO 9001:2015 Quality Management Systems

ISO 14001:2015 Environmental Management System

ISO 29001 Quality Management System within the Oil & Gas Industry

which is subject to inspection on a current basis to ensure a constant monitoring of the Company's quality.

The management systems are examined and updated on a current basis to ensure improvement on key parameters.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Gross profit		119,047	173,107
Staff costs	1	(45,275)	(95,414)
Depreciation, amortisation and impairment losses	2	<u>(1,944)</u>	<u>(17,576)</u>
Operating profit/loss		71,828	60,117
Income from investments in group enterprises		21,358	2,757
Other financial income	3	268	413
Other financial expenses	4	<u>(2,307)</u>	<u>(2,986)</u>
Profit/loss before tax		91,147	60,301
Tax on profit/loss for the year	5	<u>(15,523)</u>	<u>(13,172)</u>
Profit/loss for the year	6	<u>75,624</u>	<u>47,129</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Acquired intangible assets		540	867
Intangible assets	7	540	867
Other fixtures and fittings, tools and equipment		4,857	59,539
Leasehold improvements		0	3,230
Property, plant and equipment in progress		9,509	3,556
Property, plant and equipment	8	14,366	66,325
Investments in group enterprises		49,628	18,960
Receivables from group enterprises		0	7,072
Other investments		1	0
Fixed asset investments	9	49,629	26,032
Fixed assets		64,535	93,224
Raw materials and consumables		0	13,655
Manufactured goods and goods for resale		0	21,918
Inventories		0	35,573
Trade receivables		39,895	83,511
Receivables from group enterprises		36,912	1,928
Deferred tax		73	0
Other receivables		4,502	3,244
Prepayments	10	2,865	482
Receivables		84,247	89,165
Cash		2,646	23,892
Current assets		86,893	148,630
Assets		151,428	241,854

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Contributed capital	11	3,000	3,000
Reserve for net revaluation according to the equity method		9,224	0
Retained earnings		56,834	97,436
Proposed dividend		27,900	19,000
Equity		<u>96,958</u>	<u>119,436</u>
Deferred tax		0	816
Provisions		<u>0</u>	<u>816</u>
Bank loans		0	29,832
Finance lease liabilities		225	11,759
Non-current liabilities other than provisions	12	<u>225</u>	<u>41,591</u>
Current portion of long-term liabilities other than provisions	12	2,206	9,486
Bank loans		12,483	0
Prepayments received from customers		46	0
Trade payables		5,667	35,068
Payables to group enterprises		10,416	9,990
Income tax payable		10,139	11,631
Other payables		13,288	13,836
Current liabilities other than provisions		<u>54,245</u>	<u>80,011</u>
Liabilities other than provisions		<u>54,470</u>	<u>121,602</u>
Equity and liabilities		<u>151,428</u>	<u>241,854</u>
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Related parties with controlling interest	16		
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Statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	3,000	0	97,436	19,000
Ordinary dividend paid	0	0	0	(19,000)
Extraordinary dividend paid	0	0	(79,000)	0
Exchange rate adjustments	0	0	(102)	0
Profit/loss for the year	0	9,224	38,500	27,900
Equity end of year	3,000	9,224	56,834	27,900
				Total DKK'000
Equity beginning of year				119,436
Ordinary dividend paid				(19,000)
Extraordinary dividend paid				(79,000)
Exchange rate adjustments				(102)
Profit/loss for the year				75,624
Equity end of year				96,958

Notes

	2018	2017
	DKK'000	DKK'000
1. Staff costs		
Wages and salaries	34,923	84,332
Pension costs	5,277	8,611
Other social security costs	4,788	2,237
Other staff costs	287	234
	45,275	95,414
Average number of employees	94	222
	Remunera-	Remunera-
	tion of	tion of
	manage-	manage-
	ment	ment
	2018	2017
	DKK'000	DKK'000
Total amount for management categories	2,942	2,620
	2,942	2,620
	2018	2017
	DKK'000	DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	327	98
Depreciation of property, plant and equipment	1,687	17,861
Profit/loss from sale of intangible assets and property, plant and equipment	(70)	(383)
	1,944	17,576
	2018	2017
	DKK'000	DKK'000
3. Other financial income		
Financial income arising from group enterprises	222	411
Other financial income	46	2
	268	413

Notes

	2018	2017
	DKK'000	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	121	0
Other financial expenses	<u>2,186</u>	<u>2,986</u>
	<u>2,307</u>	<u>2,986</u>

	2018	2017
	DKK'000	DKK'000
5. Tax on profit/loss for the year		
Current tax	15,721	11,631
Change in deferred tax	(119)	1,271
Adjustment concerning previous years	<u>(79)</u>	<u>270</u>
	<u>15,523</u>	<u>13,172</u>

	2018	2017
	DKK'000	DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	27,900	19,000
Extraordinary dividend distributed in the financial year	79,000	3,300
Transferred to reserve for net revaluation according to the equity method	9,224	0
Retained earnings	<u>(40,500)</u>	<u>24,829</u>
	<u>75,624</u>	<u>47,129</u>

	Acquired intangible assets DKK'000
7. Intangible assets	
Cost beginning of year	<u>1,220</u>
Cost end of year	<u>1,220</u>
Amortisation and impairment losses beginning of year	(353)
Amortisation for the year	<u>(327)</u>
Amortisation and impairment losses end of year	<u>(680)</u>
Carrying amount end of year	<u>540</u>

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000	Property, plant and equipment in progress DKK'000
8. Property, plant and equipment			
Cost beginning of year	108,213	5,993	3,556
Disposals on divestments etc	(97,373)	(5,993)	(3,556)
Additions	2,501	0	14,401
Disposals	(968)	0	(4,892)
Cost end of year	12,373	0	9,509
Depreciation and impairment losses beginning of year	(48,674)	(2,763)	0
Depreciation for the year	(1,687)	0	0
Reversal regarding disposals	42,845	2,763	0
Depreciation and impairment losses end of year	(7,516)	0	0
Carrying amount end of year	4,857	0	9,509
Recognised assets not owned by entity	1,302	-	-

Notes

	Invest- ments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Other investments DKK'000
9. Fixed asset investments			
Cost beginning of year	30,993	7,072	0
Additions	9,411	0	1
Disposals	0	(7,072)	0
Cost end of year	40,404	0	1
Transfers	9,224	0	0
Revaluations end of year	9,224	0	0
Impairment losses beginning of year	(12,033)	0	0
Exchange rate adjustments	(102)	0	0
Transfers	(9,224)	0	0
Share of profit/loss for the year	21,240	0	0
Adjustment of intra-group profits	119	0	0
Impairment losses end of year	0	0	0
Carrying amount end of year	49,628	0	1

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
PolyTech Manufacturing A/S	Esbjerg	A/S	100.0
PolyTech Test & Validation A/S	Esbjerg	A/S	100.0
PolyTech Wind Power Technology (wuxi) Co., Ltd.	China	Ltd.	100.0
PolyTech Wind Power Technology Inc.	USA	Inc.	100.0

10. Prepayments

Prepayments consist of prepaid expenses.

Notes

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>
11. Contributed capital			
Share capital	3,000,000	1	3,000
	<u>3,000,000</u>		<u>3,000</u>

	<u>Due within 12 months 2018 DKK'000</u>	<u>Due within 12 months 2017 DKK'000</u>	<u>Due after more than 12 months 2018 DKK'000</u>
12. Liabilities other than provisions			
Bank loans	0	4,972	0
Finance lease liabilities	2,206	4,514	225
	<u>2,206</u>	<u>9,486</u>	<u>225</u>

	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
13. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>4,094</u>	<u>2,438</u>

14. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which VC VII Jupiter Holding ApS serves as the administration company and has previously participated in another Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

15. Assets charged and collateral

Bank loans are secured by way of a registered company charge of DKK 10,000k nominal. Total withdrawal on the banking arrangements amounts to DKK 12,483k at 31 December 2018.

16. Related parties with controlling interest

VC VIII Polytech Holding ApS, Denmark owns all the shares and thus controls the Company.

Notes

17. Transactions with related parties

Only non-arm's length transactions with related parties are disclosed in the financial statements. All related party transactions carried out during the financial year have been made on an arm's length basis.

18. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Winds Holding AS, reg. no. 917 105 839, Oslo, Norway.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. Polytech A/S and its subsidiaries are included in the consolidated financial statements of Winds Holding AS.

Non-comparability

Please note that the financial year 2018 is not comparable with previous years as a result of the establishment of the two subsidiaries PolyTech Manufacturing A/S and PolyTech Test & Validation A/S.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Business combinations

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Accounting policies

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise software.

Software are measured at cost less accumulated amortisation. Software are amortised over 3-4 years.

Accounting policies

Software are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	7 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Other investments

Other investments comprise unlisted equity investments measured at the lower of cost and net realisable value.

Accounting policies

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Accounting policies

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as it is included in the group cash flow statement of Winds Holdings AS.