
LM Wind Power Holding A/S

Jupitervej 6, DK-6000 Kolding

Annual Report for 1 January - 31 December 2017

CVR No 25 94 20 94

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
6 /7 2018

Peder Toft Nielsen
Chairman



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	4
Financial Statements	
Income Statement 1 January - 31 December	5
Balance Sheet 31 December	6
Statement of Changes in Equity	8
Notes to the Financial Statements	9

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of LM Wind Power Holding A/S for the financial year 1 January - 31 December 2017.

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 financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kolding, 6 July 2018

Executive Board

Duncan Gee Berry
CEO

Board of Directors

Helen Lykke Bager

Duncan Gee Berry

Ernst Frederik Kraaij

Thomas Engelstoft Lindharth
Staff Representative

Niels Bjarne Hansen
Staff Representative

Independent Auditor's Report

To the Shareholder of LM Wind Power Holding A/S

Opinion

We have audited the financial statements of LM Wind Power Holding A/S for the financial year 1 January - 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

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

Independent Auditor's Report

audit. We also

- identify and assess the risks of material misstatement of the company 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 Company'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 Company'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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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.

Aarhus, 6 July 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Henrik O. Larsen
State Authorised Public Accountant
mne15839

Michael Stenskrog
State Authorised Public Accountant
mne26819

Company Information

The Company

LM Wind Power Holding A/S
Jupitervej 6
DK-6000 Kolding

CVR No: 25 94 20 94
Financial period: 1 January - 31 December
Incorporated: 12 March 2001
Municipality of reg. office: Kolding

Board of Directors

Helen Lykke Bager
Duncan Gee Berry
Ernst Frederik Kraaij
Thomas Engelstoft Lindharth
Niels Bjarne Hansen

Executive Board

Duncan Gee Berry

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Income Statement 1 January - 31 December

	Note	2017 TDKK	2016 TDKK
Gross profit/loss		-183	-126
Staff expenses	2	-388.112	-119
Profit/loss before financial income and expenses		-388.295	-245
Financial income	3	1.390	5.561
Financial expenses	4	-25.579	-45.653
Profit/loss before tax		-412.484	-40.337
Tax on profit/loss for the year		1.336	10.007
Net profit/loss for the year		-411.148	-30.330

Distribution of loss

Proposed distribution of loss

Retained earnings		-411.148	-30.330
		-411.148	-30.330

Balance Sheet 31 December

Assets

	Note	2017 TDKK	2016 TDKK
Investments in subsidiaries		7.968.145	7.968.145
Deferred tax asset		0	5.023
Financial fixed asset		7.968.145	7.973.168
Fixed assets		7.968.145	7.973.168
Receivables from group enterprises		118.157	126.358
Corporation tax		6.359	0
Receivables		124.516	126.358
Cash at bank and in hand		1.620	1.707
Currents assets		126.136	128.065
Assets		8.094.281	8.101.233

Balance Sheet 31 December

Liabilities and equity

	Note	2017 TDKK	2016 TDKK
Share capital		304.463	304.363
Retained earnings		6.773.389	5.881.141
Equity		7.077.852	6.185.504
Credit institutions		0	25.754
Long-term debt		0	25.754
Credit institutions		0	1.263.282
Trade payables		136	0
Payables to group enterprises		1.016.293	560.536
Corporation tax		0	63.270
Other payables		0	2.887
Short-term debt		1.016.429	1.889.975
Debt		1.016.429	1.915.729
Liabilities and equity		8.094.281	8.101.233
Key activities	1		
Contingent liabilities	5		
Related parties	6		
Accounting Policies	7		

Statement of Changes in Equity

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January	304.363	-100.622	203.741
Net effect from change of accounting policy	0	5.981.763	5.981.763
Adjusted equity at 1 January	304.363	5.881.141	6.185.504
Capital increase	100	1.276.700	1.276.800
Contribution from group	0	26.696	26.696
Net profit/loss for the year	0	-411.148	-411.148
Equity at 31 December	304.463	6.773.389	7.077.852

Notes to the Financial Statements

1 Key activities

The Company's main activity is to own shares in subsidiary.

2 Staff expenses

Wages and salaries

Pensions

Average number of employees

	2017 TDKK	2016 TDKK
	374.554	119
	13.558	0
	388.112	119
	0	0

3 Financial income

Interest received from group enterprises

Other financial income

	1.390	833
	0	4.728
	1.390	5.561

4 Financial expenses

Interest paid to group enterprises

Other financial expenses

	11.620	15.433
	13.959	30.220
	25.579	45.653

5 Contingent liabilities

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. AcceptFinans ApS is the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

After the balance sheet date the Company has issued a letter of support towards the subsidiary Friction Holding A/S, which has a negative equity of TDKK 2.275.607 and no possibility of reestablishing the equity by its own income.

Notes to the Financial Statements

6 Related parties

The entity is included in the Consolidated Financial Statements of

Name	Place of registered office
General Electric Company	Boston, MA 02210, USA

The Group Annual Report of General Electric Company may be obtained at the following address: General Electric Company, 41 Farnsworth Street, Boston, Massachusetts, 02210, USA.

General Electric Company prepares consolidated financial statements for the smallest and biggest Group, in which LM Wind Power Holding A/S is a subsidiary. The annual accounts of the parent company are available at www.ge.com.

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of LM Wind Power Holding A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C. In 2016 the Annual Report was prepared in accordance with the provisions applying to enterprises of reporting class C medium.

The Financial Statements for 2017 are presented in TDKK. In prior years the Financial Statements were presented in TEUR. The change in presentation has no impact on the result, assets, liabilities and equity.

Changes in accounting policies

The company has changed its measurement of investments in subsidiaries from equity method to cost in conjunction with the adoption of General Electric Company accounting practice for investment in subsidiaries subsequent to their acquire of the LM Group.

The current year effect of the change is unknown. Last year's effect was:

Investment in subsidiaries TDKK 5.981.763 increase

Income from investments in subsidiaries, profit before tax and net profit all decreased by TDKK 290.209

In addition, the change in total assets and equity increased by TDKK 5.981.763.

The Company's cash flow is not subject to any changes.

The comparative financial statements have been updated accordingly.

Apart from the above mentioned, no other changes in the accounting principles were applied.

Correction of material misstatements

A reclassification regarding joint tax payables for 2016 has been made as follows:

Corporation tax receivable TDKK 7,718 decrease.

Corporation tax payable TDKK 63,270 increase.

Receivables from group enterprises TDKK 76,383 increase.

Payables to group enterprises TDKK 5,395 increase.

The reclassification had no effect on profit before tax, net profit nor equity.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of General Electric Company, the Company has not prepared consolidated financial statements.

Notes to the Financial Statements

7 Accounting Policies (continued)

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an

Notes to the Financial Statements

7 Accounting Policies (continued)

income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, other external expenses has not been disclosed in the Annual Report.

Other external expenses

Other external expenses comprise office expenses and other administrative expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

7 Accounting Policies (continued)

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. In case of indication of impairment, an impairment test is conducted. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Additional payments and repayment in form of interests or discounts under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.