


# Global Wind Power France ApS

Jernbanegade 11, DK-7700 Thisted

CVR no. 28 12 87 89



## Annual report 2015/16

Approved at the Company's annual general meeting on 10 May 2017

Chairman:



Nicolai Mallet

**EY**

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### Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Global Wind Power France ApS for the financial year 1 July 2015 - 31 December 2016.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations for the financial year 1 July 2015 - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

This, 10 May 2017

Executive Board:

Michael Sandager

Board of Directors:

David Charles Brunt  
Chairman

Gareth Mark Swales

Michael Nymann Nilsson

Henrik Amby Jensen

## Independent auditor's report

To the shareholders of Global Wind Power France ApS

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Global Wind Power France ApS for the financial year 1 July 2015 - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations for the financial year 1 July 2015 - 31 December 2016 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 consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 responsibilities for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 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 consolidated financial statements and parent company financial statements.

## Independent auditor's report

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Parent 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 consolidated financial statements and the parent company 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 Group's and the Parent 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

### Independent auditor's report

Based on our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 10 May 2017  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



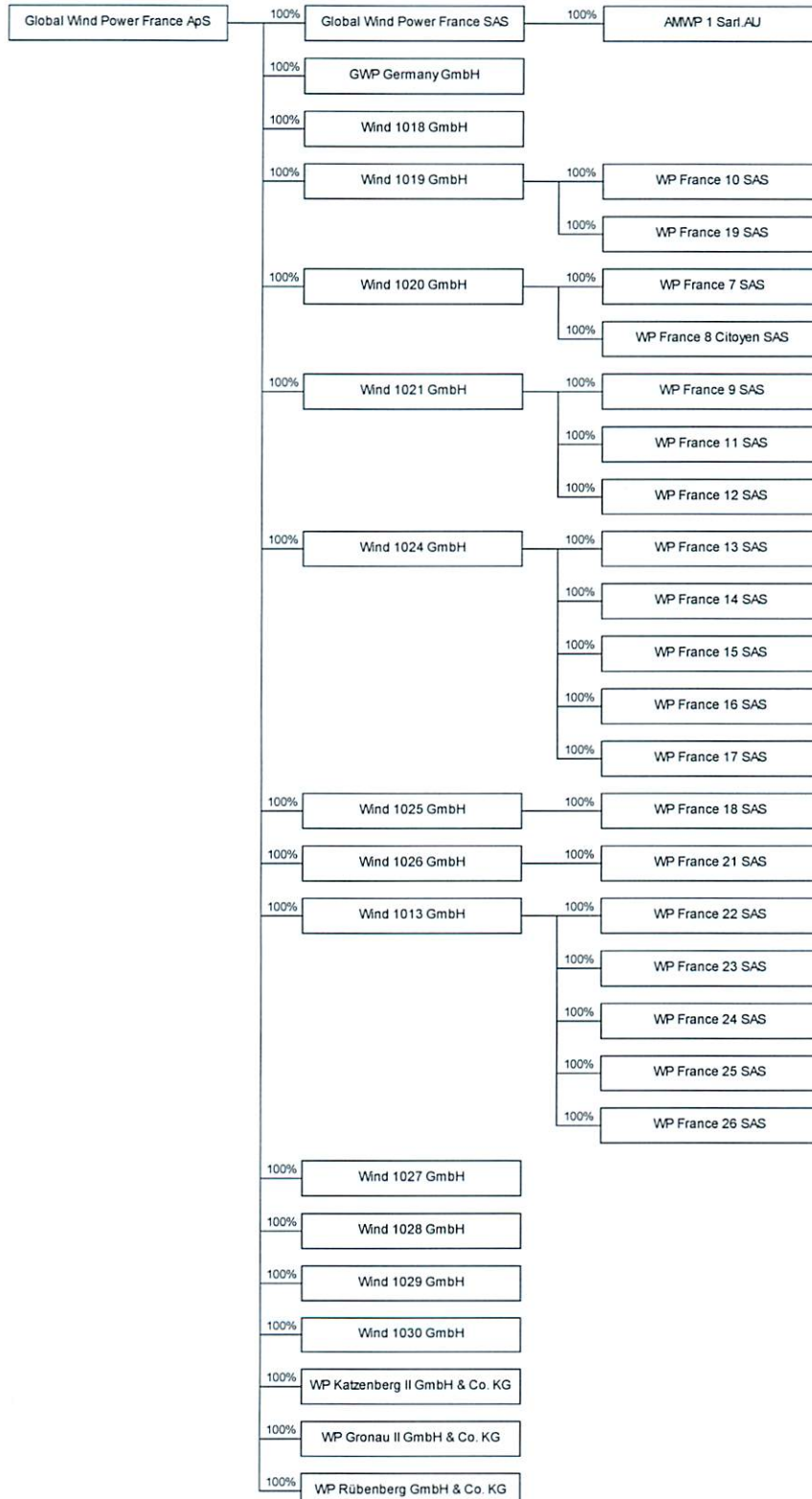
Hans B. Vistisen  
State Authorised  
Public Accountant



Søren V. Nejmman  
State Authorised  
Public Accountant

## Management's review

### Group chart



## Management' review

### Company details

Name	Global Wind Power France ApS
Address, zip code, city	Jernbanegade 11, DK-7700 Thisted
CVR no.	28 12 87 89
Established	18 October 2014
Registered office	Thisted
Financial year	1 July 2015 - 31 December 2016
Board of Directors	David Charles Brunt, Chairman Gareth Mark Swales Michael Nymann Nilsson Henrik Amby Jensen
Executive Board	Michael Sandager
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, DK-9000 Aalborg



## Management' review

### Management commentary

#### Business review

The object of the company is to carry on a business of investing in renewable energy, including investments in wind projects.

The company has been active and anchored locally in Denmark, France and Germany, and with some activities in Africa. In Denmark, the business activity is mainly group administration, supporting by providing business related services and advice to the French and German teams in sale of wind projects and controlling of subsidiaries. In France and in Germany the business activity and project development is conducted by local employees via the local entities.

The industrial and institutional customers are the primary segment for our wind projects, as they typically are interested in securing wind projects at an early stage, so they can be tailored to meet the needs of the customers.

#### Financial review

The results for 2015/16 are very fine in terms of both revenue and bottom line results.

In 2015/16 there has been much focus on continuing the developing of the company's pipeline of wind projects in both France and Germany. In autumn 2016 sale of two projects (SPV's) where completed with high satisfaction.

In April 2016 Fred. Olsen Renewables AS purchased 51% of the shares in the Company with the objective to continue the business activity as in the past to develop and sell wind projects. As a part of the agreement with Fred. Olsen Renewables AS is also a commitment to deliver funding of the company's activity for the next 6 years according to long-term goal of the company.

Due to change in ownership, the fiscal year of the company has been expanded from 12 months to 18 months this year and will continue to follow the calendar year going forward.

As a normal activity during the fiscal year the company has established 8 German entities (SPV) and 12 French entities (SPV) for future projects. The company has issued letters of support to subsidiaries that have negative equity at the balance sheet date to enable these companies to continue as going concern.

We look forward to 2017 where we will continue the expand of the project pipeline to achieve the long-term goal set for the company.

#### Events after the balance sheet date

No events have occurred after the balance sheet date significantly affecting the 2016 financial statements.

## Financial statements 1 July 2015 - 31 December 2016

### Income statement

Note	EUR'000	Group		Parent	
		2015/16 (18 months)	2014/15 (12 months)	2015/16 (18 months)	2014/15 (12 months)
	Gross margin	4,441	8,436	106	-1,559
3	Staff costs	-2,103	-1,171	-124	0
	Depreciation on property, plant and equipment	-10	-9	0	0
	Earnings before interest and tax	2,328	7,256	-18	-1,559
	Net profit/loss from subsidiaries	0	0	2,254	8,602
4	Financial income	0	1	94	14
5	Financial expenses	-157	-14	-200	-4
	<b>Earnings before tax</b>	<b>2,171</b>	<b>7,243</b>	<b>2,130</b>	<b>7,053</b>
6	Tax for the year	-41	-44	0	146
	<b>Profit for the year</b>	<b>2,130</b>	<b>7,199</b>	<b>2,130</b>	<b>7,199</b>
	<b>Recommended appropriation of profit</b>				
	Reserve for net revaluation under the equity method	0	0	-9,525	8,602
	Retained earnings	2,130	7,199	11,655	-1,403
		<b>2,130</b>	<b>7,199</b>	<b>2,130</b>	<b>7,199</b>

## Financial statements 1 July 2015 - 31 December 2016

### Balance sheet

Note	EUR'000	Group		Parent	
		2015/16	2014/15	2015/16	2014/15
		<b>ASSETS</b>			
		<b>Non-current assets</b>			
		<b>Tangible assets</b>			
		Equipment			
		33	28	0	0
		33	28	0	0
		<b>Financial assets</b>			
7		Investments in subsidiaries			
		0	0	6,384	17,255
		0	0	6,384	17,255
		<b>Total non-current assets</b>			
		33	28	6,384	17,255
		<b>Currents assets</b>			
		<b>Inventories</b>			
		Greenfield projects			
		4,279	3,829	0	0
		4,279	3,829	0	0
		<b>Receivables</b>			
		Trade receivables			
		302	1	0	0
		Accounts owed by group entities			
		2	732	2,759	2,009
		Tax receivables			
		0	219	0	219
		Other receivables			
		79	3	21	0
		Prepayments			
		19	79	0	0
		402	1,034	2,780	2,228
		<b>Cash</b>			
		6,098	336	1,546	0
		<b>Total current assets</b>			
		10,779	5,199	4,326	2,228
		<b>TOTAL ASSETS</b>			
		10,812	5,227	10,710	19,483

## Financial statements 1 July 2015 - 31 December 2016

### Balance sheet

Note	EUR'000	Group		Parent	
		2015/16	2014/15	2015/16	2014/15
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
8	Share capital	17	17	17	17
	Reserve for net revaluation under the equity method	0	0	277	9,802
	Retained earnings	5,763	4,349	5,486	-5,453
	<b>Total equity</b>	<b>5,780</b>	<b>4,366</b>	<b>5,780</b>	<b>4,366</b>
	<b>Provision</b>				
9	Other provisions	70	103	0	0
		70	103	0	0
	<b>Current liabilities</b>				
	Trade payables	393	215	0	2
	Payables to group entities	3,856	0	4,862	14,985
	Other payables	664	373	68	130
	Tax payables	50	170	0	0
	<b>Total current liabilities</b>	<b>4,962</b>	<b>758</b>	<b>4,930</b>	<b>15,117</b>
	<b>Total liabilities</b>	<b>4,962</b>	<b>758</b>	<b>4,930</b>	<b>15,117</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,812</b>	<b>5,227</b>	<b>10,710</b>	<b>19,483</b>

1 Accounting policies

10 Contractual obligations and contingencies, etc.

## Financial statements 1 July 2015 - 31 December 2016

### Statement of changes in equity

EUR'000	Group		
	Share capital	Retained earnings	Total
Equity at 1 July 2015	17	4,349	4,366
Dividend distribution	0	-716	-716
Transfer, see "Appropriation of profit/loss"	0	2,130	2,130
Equity at 31 December 2016	17	5,763	5,780

EUR'000	Parent			
	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 July 2015	17	9,802	-5,453	4,366
Dividend distribution	0	0	-716	-716
Transfer, see "Appropriation of profit/loss"	0	-9,525	11,655	2,130
Equity at 31 December 2016	17	277	5,486	5,780

## Financial statements 1 July 2015 - 31 December 2016

### Notes

#### 1 Accounting policies

The annual report of Global Wind Power France ApS for 1 July 2015 - 31 December 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective 1 July 2015, the Company has prematurely adopted the complete act no. 738 of 1 June 2015. This implies change in the recognition and measurement in the following area:

##### 1. Yearly reassessment of residual values of equipment

In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to equipment. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

None of the above changes impacts on the income statement or the balance sheet for 2015/16 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

The annual report is stated in EUR.

The annual report for 2015/16 contains 18 months, from 1 July 2015 - 31 December 2016, compared to last year containing 12 months, from 1 July 2014 - 30 June 2015. The reporting year has changed due to change in ownership.

#### Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Global Wind Power France ApS, and subsidiaries in which Global Wind Power France ApS directly or indirectly holds more than 50% of the voting rights or over which it otherwise exercises control. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, see the group chart.

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

#### Business combinations

Recently acquired or formed entities are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated in respect of recently acquired or sold entities.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated selling costs.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, hence, the calculation of goodwill.

## Financial statements 1 July 2015 - 31 December 2016

### Notes

#### 1 Accounting policies (continued)

Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met.

### Income statement

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. 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.

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at average exchange rates for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

#### Revenue

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### *Revenue from sale of projects*

Income from the sale of products, comprising Greenfield and Turnkey projects, is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place, the income can be reliably measured and payment is expected to be received. The date of the transfer of significant rewards and risks will typically be the date on which a final written transfer agreement is signed.

#### *Revenue from sale of services*

Revenue from delivery of services is recognised as the services are provided.

#### Gross Margin

With reference to section 32 of the Danish Financial Statement Act certain accounts is integrated in the account "Gross Margin"

The Gross margin contains revenue, cost of sales as well as other administration expenses.

#### Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

## Financial statements 1 July 2015 - 31 December 2016

### Notes

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on transactions denominated in foreign currencies.

##### Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

##### Balance sheet

##### Tangible assets

Machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, plant and equipment    3-10 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of tangible assets are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

##### Financial assets

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at EUR 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.



## Financial statements 1 July 2015 - 31 December 2016

### Notes

#### 1 Accounting policies (continued)

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Global Wind Power ApS are not recognised in the reserve for net revaluation.

#### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

#### Projects

Greenfield projects are measured at cost. Where the net realisable value is lower than cost, inventories are written down to this lower value. Cost of projects comprises external costs incurred.

The net realisable value of projects is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability and development in expected selling 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 has been impaired, an impairment loss is recognised on an individual basis.

#### Prepayments

Prepayments comprise expenses incurred concerning subsequent financial years.

#### Equity

##### *Reserve for net revaluation according to the equity method*

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

## Financial statements 1 July 2015 - 31 December 2016

### Notes

#### 1 Accounting policies (continued)

##### *Dividend*

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

##### **Income tax and deferred tax**

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### **Provisions**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

##### **Liabilities**

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

## Financial statements 1 July 2015 - 31 December 2016

### Notes

#### 2 Significant accounting estimates and judgements

Significant accounting estimates and uncertainties primarily relate to valuation of projects and valuation of guarantee and warranty commitments.

##### *Projects*

Greenfield projects, which are the Group's primary activity, are often the most challenging phase of a wind turbine project. Appropriate or suggested areas for development of wind turbine projects are checked in order to assess the feasibility of a project. Feasibility studies cover the following areas: Wind, connection to power grid, roads, soil conditions and environment. This initial stage is typically completed with agreements with landowners, preliminary declaration of intention with regard connection to power grid and the authorities' approval of the project location.

Then a detailed technical and structural project planning is prepared. It contains the studies and calculations required for the authorities to continue processing the project. This phase is complete when all the required permits for implementation and operation of the wind turbine project are in place, not least the crucial planning permission, so that the project is ready for realisation.

Income from the sale of Greenfield projects is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place, the income can be reliably measured and payment is expected to be received. The date of the transfer of significant rewards and risks will typically be the date on which a written transfer agreement is signed.

Greenfield projects are measured at cost, including external costs incurred. All internal costs are expensed in the income statement when incurred. Where the net realisable value is lower than cost, write-down is made to this lower value. The net realisable value of projects is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account development in expected selling price.

By nature, identification and valuation of projects are subject to uncertainty. The total portfolio of potential projects is considered to be valued conservatively, as only external costs incurred are capitalised.

The development of Greenfield projects are subject to risks of potential objections to the projects, planning permission and delays, which may have an impact on the valuation of the projects and the structure of the required project portfolio.

Project development/implementation is managed using the Global Wind Power's Project model, which ensures that the projects are taken through the individual stages in a controlled process. Global Wind Power's Investment Board approves all major contracts and protects the Group against entering into inopportune projects and commitments.

All projects are reviewed regularly to assess the feasibility of the project. If a project is not considered to be feasible, the project is written off to EUR 0 (nil).

##### *Guarantee and warranty commitments*

In connection with the development and implementation of wind turbine projects, Global Wind Power takes on normal guarantee and warranty commitments relating to the work performed by the Group on the specific projects. Management believes that the accounting estimates made in connection with evaluation of recognition and/or presentation of disputes and litigation are appropriate.

## Financial statements 1 July 2015 - 31 December 2016

### Notes

EUR'000	Group		Parent	
	2016	2014/15	2016	2014/15
<b>3 Staff costs</b>				
Wages and salaries	1,418	765	124	0
Pensions	133	63	0	0
Other social security costs	552	343	0	0
	<u>2,103</u>	<u>1,171</u>	<u>124</u>	<u>0</u>
Average number of full-time employees	<u>14</u>	<u>12</u>	<u>1</u>	<u>0</u>
<b>4 Financial income</b>				
Interest income from group enterprises	<u>0</u>	<u>1</u>	<u>94</u>	<u>14</u>
<b>5 Financial expenses</b>				
Interest expenses, group enterprises	156	2	199	4
Other financial expenses	1	12	1	0
	<u>157</u>	<u>14</u>	<u>200</u>	<u>4</u>
<b>6 Tax for the year</b>				
Estimated tax on the taxable income for the year	<u>41</u>	<u>44</u>	<u>0</u>	<u>-146</u>

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#### 7 Investment in subsidiaries

EUR'000	Parent Investment in subsidiaries
Cost at 1 July 2015	3,997
Additions	1,728
Disposals	-75
Cost at 31 December 2016	5,650
Value adjustments at 1 July 2015	12,674
Adjustment, disposals	-14,651
Profit for the year	3,241
Amortisation of differences	-987
Value adjustments at 31 December 2016	277
<b>Balance at 31 December 2016</b>	<b>5,927</b>
Set off against receivables from group enterprises	457
<b>Carrying amount at 31 December 2016</b>	<b>6,384</b>
Non amortised differences concerning projects at 31 December 2016	1,446

Differences concerning projects on initial recognition of subsidiaries was EUR 4.8 million.

Name and registered office	Ownership
Global Wind Power France SAS, France	100%
GWP Germany GmbH, Germany	100%
Wind 1018 GmbH, Germany	100%
Wind 1019 GmbH, Germany	100%
Wind 1020 GmbH, Germany	100%
Wind 1021 GmbH, Germany	100%
Wind 1024 GmbH, Germany	100%
Wind 1025 GmbH, Germany	100%
Wind 1026 GmbH, Germany	100%
Wind 1013 GmbH, Germany	100%
Wind 1027 GmbH, Germany	100%
Wind 1028 GmbH, Germany	100%
Wind 1029 GmbH, Germany	100%
Wind 1030 GmbH, Germany	100%
WP Katzenberg II GmbH & Co. KG, Germany	100%
WP Gronau II GmbH & Co. KG, Germany	100%
WP Rügenberg GmbH & Co. KG, Germany	100%

#### 8 Share capital

The share capital comprises 125,000 shares of DKK 1 each. All shares rank equally. The share capital has not been changed during the life of the company.

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#### 9 Other provisions

Other provisions relate to liabilities regarding disputes, etc.

#### 10 Contractual obligations and contingencies, etc.

##### Contingent liabilities

###### *Consolidated*

In connection with the development and implementation of wind turbine projects, Global Wind Power takes on normal guarantee and warranty commitments relating to the work performed by the Group on the specific projects.

###### *Parent company*

Global Wind Power France ApS has issued letters of support to subsidiaries that have negative equity at the balance sheet date to enable these companies to continue as going concerns.

The Company was jointly taxed with Global Wind Power Holding ApS until 19 April 2016. The Company has joint and several unlimited liability with Global Wind Power Holding ApS for payment of Danish income taxes until 19 April 2016. The jointly taxed entities' known net income tax liability totals EUR 0 thousand at 19 April 2016. Any subsequent corrections of the joint taxation income may entail that the Company's liability will increase.

##### Operating lease liabilities

The Group has entered into rent agreements and operating leases at the following amounts:

Rental liabilities consists of agreements with remaining terms of 6 - 72 months, totalling EUR 2,557 thousand.

In addition, the Group has entered into operational leases with remaining terms of 6 - 34 months, totalling EUR 76 thousand.