Total Wind Group A/S
Central Business Registration No 30555058
Sjællandsvej 5
7330 Brande

Annual report 2016

The Annual General Meeting adopted the annual report on 09.07.2017

Chairman of the General Meeting

Name: Kurt Bering Sørensen

Contents

Company details

Company
Total Wind Group A/S
Sjællandsvej 5
7330 Brande

Central Business Registration No: 30555058
Founded: 01.06.2007
Registered in: Brande
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Kurt Bering Sørensen, Chairman
Birger Brix
Jens Nygaard Laursen
Lars Blavnsfeldt

Executive Board
Jens Nygaard Laursen

Company auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 Copenhagen

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Total Wind Group A/S for the financial year 01.01.2016 - 31.12.2016.

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 Group and the Entity's assets, liabilities and financial position at 31.12.2016 and of the results and cash flow of its operations for the financial year 01.01.2016 – 31.12.2016.

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.

Brande, 09.07.2017

Executive Board

Jens Nygaard Laursen

Board of Directors

Kurt Bering Sørensen Chairman	Jens Nygaard Laursen	Lars Blavnsfeldt
Birger Brix		

Independent auditor's reports

To the shareholders of Total Wind Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Total Wind Group A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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.

Material uncertainty regarding going concern

We refer to the management commentary and note 1 in which Management states that the uncertainty attached to the sufficiency of the Group's financial base is influenced by the realisation of the expectations established for the financial year 2017. However, we have not modified our opinion in respect of this issue.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity 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 financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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’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 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’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 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

Copenhagen, 09.07.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jens Sejer Pedersen
State-Authorised Public Accountant

Management commentary

Financial highlights

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Key figures					
Revenue	358.708	478.870	404.566	392.021	369.366
Gross profit/loss	145.643	224.058	198.314	199.212	181.122
Operating profit/loss	(37.286)	20.773	26.686	24.058	27.958
Net financials	(8.875)	(5.725)	(3.281)	(2.794)	4.906
Profit/loss for the year	(58.340)	5.358	16.208	10.537	10.277
Total assets	257.799	372.337	291.387	266.458	223.818
Investments in property, plant and equipment	26.699	62.776	32.515	26.571	17.980
Equity	20.462	73.088	63.525	47.691	35.805
Employees in average	382	456	334	311	264
Ratios					
Gross margin (%)	40,7	46,8	49,0	50,8	49,0
Net margin (%)	n/a	0,2	4,0	2,7	2,8
Return on equity (%)	n/a	1,8	29,1	25,2	34,1
Equity ratio (%)	7,9	19,6	21,9	17,9	16,0

* Financial highlights for 2015 have been adjusted for impact of discontinuing operations.

Management commentary

Primary activities

Total Wind Group's activities comprise crane work and turnkey solutions for installation of wind turbines as well as commissioning, service and maintenance activities within the wind energy industry onshore as well as offshore.

The activities are primarily performed in the EMEA-countries and the Americas. The activities are performed from the main office in Denmark and through foreign subsidiaries.

The parent company Total Wind Group A/S is a holding company.

Total Wind A/S is certified to ISO 9001, ISO 14001 and OHSAS 18001. Quality assurance is vital to the Company as a business partner with the professional customers in the world market.

Development in activities and finances

The Group made a net loss of DKK 58 million in 2016 compared to a profit of DKK 5 million in 2015. Due to this development equity decreased from DKK 73 million to DKK 20 million at 31 December 2016.

The result is unsatisfactory and not in line with expectations in the annual report 2015.

The owners of Total Wind Group A/S have during 2016 supported the group with contribution of a total of DKK 27 million with DKK 6 million as share capital and DKK 21 million as subordinated loan capital.

The poor result is related to several issues such as: lower level of activity than planned in the beginning of the year, lower yield on capacity than planned, damage to a crane impacting on the ability to deliver to customers, lower profitability on certain projects than anticipated and higher fixed costs than suitable for the level of activity.

The result has been positively impacted by DKK 5 million before tax related to the sale of a crane.

The level of total assets has decreased from DKK 372 million end of 2015 to DKK 257 million end of 2016 due to a planned downscaling of the balance sheet.

The Group has initiated changes to the organisation during 2016. The changes are related to improving internal processes, selection of customers and jobs to ensure profitability, cost savings and other improvements.

Management commentary

Parent company

The Parent made a net loss of DKK 59 million in 2016 compared to profit of DKK 1 million in 2015. Based heron the equity have in 2016 decrease from DKK 61 million to DKK 7 million.

Outlook

The Group foresees a significantly improved result in 2017 due to the combination of the changes made in 2016 including lower fixed costs, more profitable projects and a more streamlined organisation and further changes made after the balance sheet date.

A cautious assesstment has been made of market conditions for 2017. Growth in revenue is expected as well as improved results compared to 2016. An EBITDA - including EBITDA in subsidiaries - in an interval from a small negative amount to a positive amount is expected.

Material assumptions and uncertainties

On presentation of the annual report of the Company and the Group, Management has assumed that the annual report is to be presented on a going concern basis and has recognised a tax asset of DKK 9 million. This is further described in note 1 to the annual report.

The annual report has not been impacted by unusual circumstances.

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.

After the balance sheet date the Group has:

- Changed the management team and is replacing the CEO in 2017
- Implemented a savings plan that has included laying off more than 20 employees during 2017 as well as a general cost savings initiative
- Discontinued business with customers with unsustain able profitability
- Automated certain internal processes
- Changed the internal procedures regarding tendering and accepting new projects
- End of April 2017 the subsidiary Total Wind Equipment ApS divested a crane. The divestment lead to a profit of DKK 3 million and decreased the level of the balance sheet by DKK 22m.
- Beginning of July increased the capital base by DKK 5 million through capital increase and sub ordinated loan from existing and new investors.

Management commentary

Particular risks

Special risks

The Group’s most significant operating risk is attached to the ability to be strongly positioned in the markets where the products are sold and to the ability to ensure that production prices are competitive.

Foreign exchange risks

The Group’s revenue and expenses are primarily in Euro and DKK.

The foreign exchange risk is therefore in all material respects limited to the exchange risk of this currency.

Secondarily the Group’s cost base is further denominated in Polish Zloty’s, British Pounds and Brazilian Reals. The fluctuations among these currencies is wider than among the primary currencies and impose risks.

It is not the Group’s policy to hedge the risks and no speculative foreign currency positions are entered.

Exchange adjustment of investment in subsidiary enterprises and associates that are independent entities is recognised directly in the equity. Related exchange risks are not hedged because it is the Group’s opinion that a current hedging of such long-term investments will not be optimal from an overall risk and cost viewpoint.

Interest risks

The Group has been unable to obtain interest prices on levels similar to the general market level and interest rates for Total Wind Group have increased in 2016.

Due to this starting point and the level of interest bearing debt it is certain that significant changes to the interest level may have an impact to the earnings of the Group. But it is Management’s view that such risk is insignificant.

Targets and policies for under-representation of gender

Total Wind Group believes that diversity among the employees, including even gender distribution, will contribute positively to the work environment and strengthen the Group’s performance and competitive power.

The Company’s shareholders have composed the Board of Directors of the most qualified representatives among the candidates of both genders. The company and the minority shareholders have done the same in the subsidiaries.

Status is at the end of 2016 that none of the members on the Company’s Board of Directors or the Executive Board are women.

Management commentary

The Board of Directors in the Company's subsidiaries reflect the composition of the Executive Board of Total Wind A/S and any representatives from other shareholders of the subsidiaries. These persons are currently of the same gender. The Company's Executive Board is one person and the company does not have any influence as to which persons will be appointed as representatives to other shareholders of the subsidiaries.

The Group and the Company have set a target of at least 25% of the management positions to be held by women.

The Company's overall policy and goal is to compose Board of Directors and leadership teams with the best qualified persons, and in so far there is an equal number of qualified persons from both genders, the candidate representing the under-represented gender will be appointed.

Corporate social responsibility
Total Wind Group has formulated an overall Corporate Social Responsibility (CSR) policy. The policy is being implemented throughout the group through guidelines and procedures in QA systems.

The Group has developed CSR policies in most areas relevant to Total Wind Group's business. The policies aim to ensure proper business conduct and optimum working, health and safety conditions for our employees.

The Group's CSR policies currently comprise social and working conditions, anti-bribery and gender representation. The Group is still working on formulating more coherent CSR policies which will be supported by our ISO 9.001 (quality management), ISO 14.001 (environmental management) and OHSAS 18.001 (Occupational health and safety standard) certifications. At present the Group has not formulated policies concerning human rights and climate protection.

Management continuously follows up on compliance with these policies in practice.

Social and working conditions
Management has increased focus on quality, health and security issues and it is our policy to be a safe and healthy place to work. We will send our employees home after work in the same good state as they meet on work. We therefore train, inform and motivate employees continuously to achieve the best safety, health and environmental conditions and thus allow for the environmental conditions to be compatible.

Internally we are improving our health and safety procedures with specific requirements to use personal protection equipment such as glasses, helmets, high visibility wests and safety shoes. Our target is zero accidents or near miss incidents.

Incidents and deviations are registered and evaluated, and improvements, follow-up and reminders are implemented continuously. Top management follow up monthly on reporting and KPI's set for the individual areas

Management commentary

to ensure continuous focus. Results are reported scrutinized and evaluated in cooperation with core customers. The effort made in 2016 in this area was satisfactory. Health and safety will remain a focus area in the coming years.

It is also Group policy to ensure compliance with laws and regulation to e.g. ensure workers rights in the countries in which we operate. This is e.g. ensured throughout our employment contracts. Besides improving health and safety, we believed this contribute to employee satisfaction, quality of work and loyalty also ensuring customer satisfaction and basis for a long-term interesting work place. This has also been the case in 2016.

Total Wind Group has established a dedicated department within the organisation to ensure compliance with Group policy. We work – to the extent possible – in close cooperation with authorities and other representatives in all countries with the aim to ensure compliance , which at the same time improves the possibility for an effective and smooth execution of the customer's projects. The result of this work in 2016 has been satisfactory.

Anti-bribery

Total Wind Group does not tolerate corruption or bribery. The employment handbook describes these policies explicitly. No actions violating these policies have been observed in 2016. It is Management's intention to update the policy as adequate and to add more detailed policies and instructions as required by external as well as internal development.

Environmental impact

Total Wind A/S is a part of an industry dedicated to the overall reduction of environmental impact from energy consumption.

Total Wind A/S in general applies man hours to the assembly and service of wind turbines, we cannot avoid impacting the environment when performing our work. We are dedicated to reducing the impact we generate to the lowest extent possible.

We have several initiatives to reduce our impact. In 2016 we added to these initiatives by beginning to sort waste and by electronically reducing maximum potential speed in our cars to reduce gasoline impact to the environment. Total Wind A/S is ISO-ceritified in relation to environmental impact.

Accounting policies

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

The accounting policies applied for this consolidated financial statements and parent financial statements are consistent with those applied last year.

The cash flow statement for the Parant Company is included in the cash flow statement for the Group.

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 Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company 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 Company, 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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises signifi-cant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on

Accounting policies

transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Discontinuing activities are presented separately and are not included in the basis of consolidation

Discontinuing activities
Discontinuing activities are related to activities forming a material part of the Group measured by share of revenue, result or total level of assets. It is further an assumption that such activities can be separated from other activities.

Activities are considered discontinuing when a decision has been made that any such activities will be divested or closed within the next fiscal year.

Activities are considered discontinuing when appropriate management level has undertaken a decision based on an overall plan regarding such activities.

On presentation of the annual report the result from discontinuing activities are presented in a separate line. The result is presented after tax. Assets related to discontinuing activities are presented on a separate line under Current assets. Liabilities from discontinuing activities are presented on a separate line under Liabilities other than provisions. Numbers regarding 2015 have been adjusted in order to illustrate the comparable numbers from discontinuing activities.

A split of the result from discontinuing activities has been provided in the notes to the consolidated accounts.
Cash flow from discontinuing activities is included in the consolidated cash flow for the Group on a line by line basis and cash flow from discontinuing activities has not been presented separately.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

Accounting policies

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

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 one 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. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

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.

Income statement

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.

Accounting policies

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

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.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year.

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 write-downs 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.

Amortisation, depreciation 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.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in associates

Income from investments in group associates are measured in the parent company's income statement under the equity method.

Accounting policies

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on transactions in foreign currencies 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 transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

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 group is jointly taxed with Danish subsidiaries. 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

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the Group’s benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects in progress with related intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

Accounting policies

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Intellectual property rights etc 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. Land is not depreciated.

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, including wages and costs that be directly allocated to the asset. For financial leased assets the cost equals the lowest of the fair value of the asset and the net present value of the future leasing payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Residual values are reviewed regularly Straightline depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	10-25 years (0% residual value)
Plant and machinery	1-10 years (0-50% residual value)
Other fixtures and fittings, tools and equipment	1-10 years (0-50%residual value)

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses.

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.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

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.

Accounting policies

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally 5 years, however, in certain cases it may be up to 20 years. The amortization period is longest for strategically acquired enterprises with a strong market position and a long-term earnings profile.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

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

Investments in associates are written down to the lower of recoverable amount and carrying amount.

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.

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

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

The company applies structured sale of receivables to financial institution. At the event of sale the majority of the value is settled from the financial institution. Remaining settlement is received in accordance with the final payment from the end-customer to the financial institution or after an agreed time.

Accounting policies

This scheme applies the same type of risks to the company with respect to potential credit note issuance as if sale of the receivable had not taken place.

Risk of lacking payment has been limited to 10% of the transferred amount.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

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.

For companies included in Danish joint taxation. Deferred tax assets are recognised based on the net value of a deferred tax asset and the utilisation hereof between such companies. Other deferred taxes are recognized based on the individual estimated realizable value company by company

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

Cash
Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Minority interests

Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

Other provisions

Other provisions comprise liabilities regarding investments in group companies.

Finance lease commitments

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.

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

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.

Income tax receivable or payable

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

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Company’s cash and cash equivalents at the beginning and the end of the financial year.

Accounting policies

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the Company’s share capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

Cash flow from discontinuing activities is included in the consolidated cash flow for the Group on a line by line basis and cash flow from discontinuing activities has not been presented separately.

Financial highlights

Financial highlights are defined and calculated in accordance with “Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios		**Calculation formula**	**Ratios reflect**
Gross margin (%)	=	Gross profit x 100 / Revenue	The Entity's operating gearing.
Net margin	=	Profit/loss for the year x 100 / Revenue	The Entity's operating profitability.
Return on equity (%)	=	Profit/loss for the year x 100 / Average equity	The Entity’s return on capital invested in the enterprise by the owners.
Equity ratio (%)	=	Equity x 100 / Total assets	The financial strength of the Entity.

Consolidated income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	3	358.706	478.870
Other operating income		0	1.942
Costs of raw materials and consumables		(171.445)	(168.637)
Other external expenses	5	(41.619)	(88.117)
Gross profit/loss		**145.642**	**224.058**
Staff costs	4	(164.701)	(176.175)
Depreciation, amortisation and impairment losses		(18.227)	(26.630)
Other operating expenses		0	(479)
Operating profit/loss		**(37.286)**	**20.773**
Income from investments in associates		311	(159)
Other financial income		732	2.719
Other financial expenses	6	(9.917)	(8.285)
Profit/loss from ordinary activities before tax		**(46.160)**	**15.048**
Tax on profit/loss from ordinary activities	7	1.399	(4.176)
Consolidated profit/loss from continuing activities		**(44.761)**	**10.872**
Loss from discontinuing activities	20	(13.579)	(5.514)
Profit/loss for the year	8	**(58.340)**	**5.358**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Goodwill		5.306	6.958
Development projects in progress		2.232	1.866
Intangible assets	9	**7.538**	**8.824**
Land and buildings		0	1
Other fixtures and fittings, tools and equipment		140.373	121.743
Leasehold improvements		24	41
Prepayments for property, plant and equipment		0	35.268
Property, plant and equipment	10	**140.397**	**157.053**
Investments in associates	11-13	5.673	5.061
Deposits	11	4.144	3.886
Deferred tax assets	14	9.663	3.194
Fixed asset investments		**19.480**	**12.141**
Fixed assets		**167.415**	**178.018**
Inventories		**1.465**	**2.389**
Trade receivables		41.343	84.347
Contract work in progress		13.934	41.517
Receivables from associates		1.737	1.740
Other short-term receivables		14.396	19.320
Prepayments	15	5.584	4.902
Receivables		**76.994**	**151.826**
Cash		**7.035**	**22.103**
Assets from discontinuing operations		**4.890**	**18.001**
Current assets		**90.384**	**194.319**
Assets		**257.799**	**372.337**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		1.310	1.220
Reserve for net revaluation according to the equity method		726	415
Reserve for development cost		366	0
Retained earnings		5.086	58.894
Equity attributable to the Parent's owners		**7.488**	**60.529**
Share of equity attributable to minority interests		**12.974**	**12.559**
Equity		**20.462**	**73.088**
Provisions for deferred tax	14	234	265
Other provisions		280	384
Provisions		**514**	**619**
Subordinate loan capital		28.639	7.210
Bank loans		1.416	0
Finance lease liabilities		62.588	68.475
Non-current liabilities other than provisions	17	**92.643**	**75.685**
Current portion of long-term liabilities other than provisions	17	26.000	28.978
Bank loans		49.816	64.214
Contract work in progress		907	6.563
Trade payables		32.947	51.184
Income tax payable		1.166	6.643
Other payables		31.121	46.371
Current liabilities other than provisions		**141.957**	**203.953**
Liabilities from discontinuing operations		**2.223**	**18.992**
Liabilities fother than provisions		**236.823**	**298.630**
Equity and liabilities		**257.799**	**372.337**
Going concern	1		
Disclosure of uncertainties relating to deferred tax asset	2		
Subsidiaries	12		
Other notes	18-21		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development projects DKK'000	Retained earnings DKK'000	Total before minority interests DKK'000
Equity beginning of year	1.220	415	0	58.894	60.529
Ordinary dividend paid	0	0	0	0	0
Capital increase	90	0	0	5.910	6.000
Exchange rate adjustments	0	0	0	148	148
Transfer to reserves	0	0	366	(366)	0
Other adjustments	0	0	0	(187)	(187)
Profit/loss for the year	0	311	0	(59.313)	(59.002)
Equity end of year	**1.310**	**726**	**366**	**5.086**	**7.488**

	Minority interests DKK'000	Total DKK'000
Equity beginning of year	12.559	73.088
Ordinary dividend paid	(958)	(958)
Capital increase	0	6.000
Exchange rate adjustments	0	148
Transfer to reserves	0	0
Other adjustments	711	524
Profit/loss for the year	662	(58.340)
Equity end of year	**12.974**	**20.462**

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Operating profit/loss		(49.391)	13.981
Amortisation, depreciation and impairment losses		21.923	27.234
Other provisions		(104)	384
Working capital changes	18	42.355	10.380
Other adjustments		(4)	(2.762)
Cash flow from ordinary operating activities		**14.779**	**49.217**
Financial income received		740	2.717
Financial income paid		(10.406)	(8.651)
Income taxes refunded/(paid)		(3.766)	(3.563)
Cash flows from operating activities		**1.347**	**39.720**
Acquisition etc of intangible assets		(366)	(6.060)
Acquisition etc of property, plant and equipment		(26.699)	(39.935)
Sales of property, plant and equipment		22.053	3.061
Acquisition of fixed asset investments		(63)	(16)
Dividends received from associates		0	143
Other cash flows from investing activities		(259)	(3.765)
Cash flows from investing activities		**(5.334)**	**(43.572)**
Loans raised		56.925	0
Capital raised		6.000	0
Instalments on loans etc		(42.945)	(13.396)
Dividend paid		(958)	(98)
Cash flows from financing activities		**19.022**	**(13.494)**
Increase/decrease in cash and cash equivalents		**15.035**	**(17.346)**
Cash and cash equivalents beginning of year		(57.815)	(40.469)
Cash and cash equivalents end of year		**(42.780)**	**(57.815)**
Cash and cash equivalents at year-end are composed of:			
Cash		7.036	22.116
Short-term debt to banks		(49.816)	(79.931)
Cash and cash equivalents end of year		**(42.780)**	**(57.815)**

Notes to consolidated financial statements

1. Going concern

Uncertainty related to the going concern assumption

The consolidated financial statements and parent financial statements are presented on the assumption of going concern.

Based on the expectations for the financial year 2017, the Group has established a financing package that is estimated to support the Group's projected financial requirements. The financing is based on a quarterly observance of financial performance measures, with the next ordinary annual renegotiation at the end of 2017. Management assesses that the expectations established for 2017 are reasonable as well as realistic, however by nature a level of uncertainty that potentially may have a negative effect on the sufficiency of the capital resources.

Based on the expectations established for the financial year 2017, Management assesses that the Group and the Company are able to maintain the credit facilities provided as a basis for the Group's ability to continue as a going concern. In addition, Management expects that the Group's capital base can be strengthened.

2. Disclosure of uncertainties relating to deferred tax asset

The group has gross deferred tax assets of DKK 22 million. On presentation of the annual report of the Company and the Group, a deferred net tax asset of DKK 9 million has been recognised. The difference of DKK 14 million has not been recognised in the balance sheet. The asset is overall recognised based on DKK 3 million in Danish companies and DKK 6 million in foreign companies.

There is material uncertainty related to the timing of future utilisation of the deferred tax asset.

Management has prepared estimates, prognoses and analyses that show that utilisation of the recognised tax asset of DKK 9 million is likely to happen during the period 2017 to 2020.

The future utilisation of this asset is based on certain assumptions regarding future profitability that needs to be met, which is uncertain of its nature.

The deferred tax asset regarding the Danish companies is related to the companies taking part of a Danish joint taxation arrangement including the Danish Group companies: Total Wind Group A/S, Total Wind A/S, Total Wind Equipment ApS, Total Wind Service ApS and Bolt Machine ApS.

Notes to consolidated financial statements

3. Revenue

	2016 DKK'000	2015 DKK'000
EMEA-region	338.568	431.031
Americas	20.140	47.839
	358.708	**478.870**
Discontionuing operations	9.502	20.112
	368.210	**498.982**
Installation services	253.908	350.070
Service activities	104.800	128.800
	358.708	**478.870**
Discontionuing operations	9.502	20.112
	368.210	**498.982**

4. Staff costs

	2016 DKK'000	2015 DKK'000
Wages and salaries	142.518	158.136
Pension costs	13.674	14.203
Other social security costs	8.992	11.574
Other staff costs	4.146	2.302
	169.630	**186.215**
Hereof related to discontinuing operations	(4.269)	(10.040)
	164.701	**176.175**
Of this, total remuneration for:		
Total amount for management categories	**2.190**	**1.923**
Average number of employees	382	456

The executive board consists of one person and therefore the total remuneration of management (Board of Directors and Executive Board) is presented as a whole in accordance with § 98b paragraph 3 in the Danish Financial Statement Act.

Notes to consolidated financial statements

5. Fees to the auditor appointed by the Annual General Meeting

	2016 DKK'000	2015 DKK'000
Statutory audit services	912	605
Tax services	104	215
Other services	2.659	927
	3.675	**1.747**

6. Other financial expenses

	2016 DKK'000	2015 DKK'000
Interest expenses	8.722	5.646
Exchange rate adjustments	1.317	2.682
Other financial expenses	367	323
	10.406	**8.651**
Hereof related to discontinuing operations	(489)	(366)
	9.917	**8.285**

7. Tax on profit/loss from ordinary activities

	2016 DKK'000	2015 DKK'000
Tax on current year taxable income	2.727	7.015
Change in deferred tax for the year	(5.477)	(4.265)
Adjustment concerning previous years	2.344	(209)
Effect of changed tax rates	0	(11)
	(406)	**2.530**
Hereof related to discontinuing operations	(993)	1.646
	(1.399)	**4.176**

8. Proposed distribution of profit/loss

	2016 DKK'000	2015 DKK'000
Minority interests' share of loss	662	4.244
Reserve for net revaluation according to the equity method	311	415
Retained earnings	(59.313)	699
	(58.340)	**5.358**

Notes to consolidated financial statements

9. Intangible assets

	Acquired intangible assets DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	29	23.956	1.866
Additions	0	0	366
Cost end of year	**29**	**23.956**	**2.232**
Amortisation and impairment losses beginning of the year	(13)	(13.487)	0
Impairment for the year	9	(3.067)	0
Amortisation for the year	(16)	(2.090)	0
Amortisation and impairment losses end of year	**(29)**	**(18.644)**	**0**
Carrying amount end of year	**0**	**5.312**	**2.232**

Information on assumptions regarding development projects in progress
The intention is to develop a bolt machine that increases the productivity related to installation of wind turbines. It is the intention to commercialise the product when developed.

The background of the project is based on the intention of solving a number of different issues such as:

- When installing wind turbines heavy bolts are used
- Buckling of bolts is a precision job
- Wind turbines are gradually growing bigger and bigger, which leads to the need of more advanced tool to bolt budkling
- The bolt buckling process is time consuming and comprehensive. Automatisation can increase the productivity

A prototype has been prepared, it is the intention to upgrade this product. Subsequently a CE approval is needed before commercialisation and marketing.

Management assess that the market potential is sufficiently favorable to recognize the costs used for the development.

Notes to consolidated financial statements

10. Property, plant and equipment

	Land and buldings DKK'000	Other fix-tures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Prepay-ments for property, plant and equipment DKK'000
Cost beginning of year	130	217.223	723	35.268
Exchange rate adjustments	0	(677)	0	0
Additions	0	18.931	0	7.768
Transfers during the year	0	43.036	0	(43.036)
Disposals	0	(47.698)	0	0
Cost end of year	**130**	**230.815**	**723**	**0**
Depreciation and impairment losses beginning of the year	(129)	(95.156)	(682)	0
Exchange rate adjustments	0	1.366	0	0
Depreciation for the year	(1)	(23.977)	(17)	0
Reversal regarding disposals	0	27.325	0	0
Depreciation and impairment losses end of the year	**(130)**	**(90.442)**	**(699)**	**0**
Discontinuing operations	**0**	**244**	**0**	**0**
Carrying amount end of year	**0**	**140.373**	**24**	**0**
Recognised assets not owned by Entity (financial lease)		104.848		

Notes to consolidated financial statements

11. Fixed asset investments

	Investments in associates DKK'000	Deposits DKK'000
Cost beginning of year	41	3.886
Additions	0	258
Cost end of year	**41**	**4.144**
Revaluations beginning of year	5.020	0
Other adjustments	301	
Share of profit/loss for the year	311	0
Revaluations end of year	**5.632**	**0**
Carrying amount end of year	**5.673**	**4.144**

12. Subsidiaries

	Registered in	Corporate form	Equity interest %
Total Wind A/S	Denmark	A/S	100,0
- Kusgoz Total Wind A.S	Turkey	A.S	100,0
- Total Wind Brasil Ltda.	Brazil	Ltda.	75,0
- Total Wind Maroc SARL	Marrocco	SARL	100,0
- Total Wind Poland Sp. z.o.o.	Poland	z.o.o.	80,0
- Total Wind Services Sp. z.o.o.	Poland	z.o.o.	100,0
- Total Wind UK Ltd.	United Kingdom	Ltd.	70,0
- Total Wind GmbH	Germany	GmbH	100,0
- Total Wind Iberia Lda	Portugal	Lda.	100,0
- Total Wind Benelux BV	Holland	BV	70,0
Total Wind Equipment ApS	Denmark	ApS	100,0
Bolt Machine ApS	Denmark	ApS	51,0
Total Wind Service ApS	Denmark	ApS	100,0
- Total Wind Sverige AB	Sweden	AB	100,0

13. Associates

Certion BV	Netherlands	BV	31,3

Notes to consolidated financial statements

14. Deferred tax assets and liabilities

	2016 DKK'000	2015 DKK'000
Beginning of year	3.952	(313)
Recognised in the income statement	5.477	4.265
Recognised directly in equity	0	0
	9.429	**3.952**

Deferred tax relates to time differences on fixed assets, provisions, finance lease liabilities and tax loss carryforwards.

15. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscription and interest.

16. Other provisions

Other provisions comprise provisions to mitigate tax risks.

17. Long-term liabilities other than provisions

	Instalments within 12 months 2015 DKK'000	Instalments within 12 months 2016 DKK'000	Instalments beyond 12 months 2016 DKK'000
Bank debt	2.833	2.833	1.416
Finance lease liabilities	26.145	23.167	62.588
	28.978	**26.000**	**64.004**

Finance lease liabilities due after 5 years amount to DKK 17,6 million at 31 December 2016.

Subordinate loan capital resigns for the other creditors of the Group and is remunerated with a flowing interest rate that are continuously compounded. No instalments have been planned or prepared regarding this.

18. Change in working capital

	2016 DKK'000	2015 DKK'000
Increase/decrease in inventories	6.717	(1.169)
Increase/decrease in receivables	75.834	(21.738)
Increase/decrease in trade payables etc	(40.196)	33.287
	42.355	**10.380**

Notes to consolidated financial statements

19. Unrecognised rental and lease commitments

The Group has entered into a number of operational leases regarding premises, cars, office machinery etc. The annual payment regarding these contracts is at a level of DKK 5,5 million.

Most of the contracts have a period of notice shorter than 6 months. The remaining notice period regarding cars is shorter than 3 years. The longest notice period regarding a contract is 4 years and related to the head-quarter premises in Denmark.

20. Mortgages and securities

The Group has deposited a mortgage deed (Fordringspant) registrered to the mortgagor on unsecured claims of DKK 52 million.

The Group has deposited a mortgage deed with its bank related to Goodwill of Total Wind A/S.

A third party financial institutuion (EKF) has on behalf of the Group provided a guarantee towards the Group´s bank. The nominal value of this guarantee is limited to DKK 22,5 million at 31 December 2016.

As security for bank loans, floating charge nominal DKK 4 milion in fixed assets, inventories, and receivables, is effective.

Total Wind Group A/S has issued a parent company guarantee, on behalf of its subsidiaries, for the performances and warranties for installation projects to selected customer in EMEA. Performance and warranty guarantees are issues on frame contractual terms and conditions entered between the customer and Total Wind A/S for the provision of manpower for the installation of wind turbines in EMEA.

Cash include an amount of DKK 6 million held by subsidiary that operates in a country where exchange control and/or other legal restrictions apply. The balance are not available for general use by the Parent or other subsidiaries on short term. Cash include an amount of DKK 6 million held by subsidiary that operates in a country where exchange control and/or other legal restrictions apply. The balance are not available for general use by the Parent or other subsidiaries on short term.

Notes to consolidated financial statements

21. Discontinued activities

	2016 DKK'000	2015 DKK'000
Revenue	9.502	20.112
Cost of raw materials and consumables	(6.569)	(7.169)
Write down of inventories	(4.409)	0
Other external expenses	(2.305)	(9.092)
Gross profit/loss	**(3.781)**	**3.850**
Staff costs	(4.629)	(10.040)
Depreciation and amortisation	(629)	(604)
Impairment losses	(3.067)	0
Operating profit/loss	**(12.106)**	**(6.792)**
Other financial income	9	(2)
Other financial expenses	(489)	(366)
Profit/loss from discontinuing activities before tax	**(12.586)**	**(7.160)**
Tax on profit/loss from discontinuing activities	(993)	1.646
Loss from discontinuing operations	**(13.579)**	**(5.514)**

Discontinuing operations

The Group has decided to divest its operations within service directly for wind turbine owners. The operations include a number of service contracts and an inventory related to the service of these wind turbines. These operations have been treated as discontinuing operations. The Board of Directors have decided to divest these operations in 2017 and activities are ongoing to ensure a transfer of these operations. When these operations have been divested Total Wind Group will not have activities related to service contracts directly for asset owners.

Parent income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Other external expenses		(243)	(200)
Operating profit/loss		**(243)**	**(200)**
Income from investments in group enterprises	3	(60.057)	2.158
Other financial income	4	716	165
Other financial expenses	5	(723)	(858)
Profit/loss from ordinary activities before tax		**(60.307)**	**1.265**
Tax on profit/loss from ordinary activities	6	1.305	(151)
Profit/loss for the year	7	**(59.002)**	**1.114**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Investments in associates	8	14.390	64.285
Deferred tax assets	9	443	803
Fixed asset investments		**14.833**	**65.088**
Fixed assets		**14.833**	**65.088**
Trade receivables		56	0
Receivables from group enterprises		21.542	3.743
Income tax receivable		0	24
Receivables		**21.598**	**3.767**
Cash		**0**	**35**
Current assets		**21.598**	**3.802**
Assets		**36.431**	**68.890**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital	10	1.310	1.220
Reserve for net revaluation according to the equity method		0	38.673
Retained earnings		6.178	20.636
Equity		**7.488**	**60.529**
Subordinate loan capital	11	28.639	7.210
Non-current liabilities other than provisions		**28.639**	**7.210**
Payables to group enterprises		189	702
Other payables		115	449
Current liabilities other than provisions		**304**	**1.151**
Liabilities fother than provisions		**28.943**	**8.361**
Equity and liabilities		**36.431**	**68.890**

	Notes
Going concern	1
Disclosure of uncertainties relating to deferred tax asset	2
Other notes	12-14

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revalua-tion accor-ding to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.220	38.673	20.636	60.529
Capital increase	90	0	5.910	6.000
Exchange rate adjustments	0	162	0	162
Other adjustments	0	0	(201)	(201)
Profit/loss for the year	0	(38.835)	(20.167)	(59.002)
Equity end of year	**1.310**	**0**	**6.178**	**7.488**

Notes to parent financial statements

1. Going concern

Uncertainty related to the going concern assumption

The consolidated financial statements and parent financial statements are presented on the assumption of going concern.

Based on the expectations for the financial year 2017, the Group has established a financing package that is estimated to support the Group's projected financial requirements. The financing is based on a quarterly observance of financial performance measures, with the next ordinary annual renegotiation at the end of 2017. Management assesses that the expectations established for 2017 are reasonable as well as realistic, however by nature a level of uncertainty that potentially may have a negative effect on the sufficiency of the capital resources.

Based on the expectations established for the financial year 2017, Management assesses that the Group and the Company are able to maintain the credit facilities provided as a basis for the Group's ability to continue as a going concern. In addition, Management expects that the Group's capital base can be strengthened.

2. Disclosure of uncertainties relating to deferred tax asset

The Company is part of a Danish joint taxation arrangement including the other Danish Group companies: Total Wind A/S, Total Wind Equipment ApS, Total Wind Service ApS and Bolt Machine ApS.

This Group of companies has a gross deferred tax assets of DKK 17 million. On presentation of the annual report the Company has recognized a deferred tax asset of DKK 0.4 million. On presentation of the annual report the Group of Danish companies has recognized a deferred tax asset of DKK 6 million. The difference of DKK 11 million has not been recognised in the balance sheet. The asset is overall recognised based on an analyses of the future utilisation of the tax asset. There is uncertainty related to the timing of future utilisation of the deferred tax asset. Management has prepared estimates, prognoses and analyses that show that utilisation of the recognised tax asset of DKK 10 million is likely to happen during the period 2017 to 2020. The future utilisation of this asset is based on certain assumptions regarding future profitability that needs to be met, which is uncertain of its nature.

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
3. Income from investments in group enterprises		
Share of profit/loss for the year	(58.671)	3.544
Amortization of goodwill	(1.386)	(1.386)
	(60.057)	**2.158**
4. Other financial income		
Financial income arising from group enterprises	704	144
Interest income	0	5
Exchange rate adjustments	12	16
	716	**165**
5. Other financial expenses		
Interest expenses	723	858
	723	**858**
6. Tax on profit/loss from ordinary activities		
Change in deferred tax for the year	361	4
Adjustment concerning previous years	(1.666)	147
	(1.305)	**151**
7. Proposed distribution of profit/loss		
Reserve for net revaluation according to the equity method	(38.835)	2.158
Retained earnings	(20.167)	(1.044)
	(59.002)	**1.114**

Notes to parent financial statements

8. Fixed asset investments

	Investments in group enterprises DKK'000
Cost beginning of year	25.612
Additions	10.000
Cost end of year	**35.612**
Revaluations beginning of year	38.673
Exchange rate adjustments	162
Amortisation of goodwill	(1.386)
Share of profit/loss for the year	(58.671)
Revaluations end of year	**(21.222)**
Carrying amount end of year	**14.390**

For an overview of group companies, please see note 12 in the notes to consolidated financial statements.
Goodwill is included in the investments in group enterprises and amounts 578k DKK.

9. Deferred tax assets and liabilities

	2016 DKK'000	2015 DKK'000
Beginning of year	803	807
Recognised in the income statement	(360)	(4)
Recognised directly in equity	0	0
	443	**803**

Deferred tax relates to tax loss carryforwards.

10. Share capital

The share capital consists of 13.100 shares at DKK 100.

Notes to parent financial statements

	Instalments within 12 months 2015 DKK'000	Instalments within 12 months 2016 DKK'000	Instalments beyond 12 months 2016 DKK'000
11. Long-term liabilities other than provi-Sions			
Subordinate loan capital	0	0	28.639
	0	**0**	**28.639**

Subordinate loan capital resigns for the other creditors of the Group and is remunerated with a flowing interest rate that are continuously compounded. No instalments have been planned or prepared regarding this.

12. Contingent liabilities

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalty and dividend for the jointly taxed companies.

13. Mortgages and securities

Collateral securities provided for subsidiaries and group enterprises

The Company has guaranteed the bank debt regarding Total Wind Group A/S and Total Wind Equipment ApS to the bank of the of the Group. The actual limit of the guarantee is DKK 89 Million.

The Company has deposited a mortgage deed (Fordringspant) registrered to the mortgagor on unsecured claims of DKK 52 Million.

The Company has deposited a mortgage deed with its bank related to Goodwill of Total Wind A/S.

The Company has granted transport in current and future intercompany receivables with a number of Group companies.

A third party financial institution (EKF) has on behalf of the company provided a guarantee towards the com-pany´s bank. The nominal value of this guarantee is limited to DKK 22,5 Million at 31 December 2016.

The Company has guaranteed bank debt regarding the financial lease debt in Total Wind Equipment ApS to its bank. As of 31.12.2016 the total financial lease debt amounts to DKK 79 Million.

Notes to parent financial statements

13. Mortgages and securities (cont'd)

The Company has issued letter of support to the following companies of the Group to provide necessary funds available in 2017;

- Total Wind A/S
- Total Wind Equipment ApS
- Total Wind Service ApS
- Total Wind Bolt Machine ApS.

14. Ownership and Group relations

Ownership

The Company has registred the following shareholders holding more than 5% of the voting rights or nominal value:

JNL Holding ApS, 44%

Hellebjerg A/S, 38%

Industriudvikling III Invest ApS, 18%

Group relations

Included in the consolidated financial statements of: Total Wind Group A/S, Brande, CVR-no. 30 55 50 58