MULTI-WING GROUP APS

Annual Report for the period 1 January – 31 December 2017 (10th financial year)

The Annual Report was presented and adopted at the Company's annual general meeting, held on 29 May 2018

John Korsø Jensen
Chairman of the meeting

CVR-no. 31 18 48 43

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MAZARS
STATSAUTORISERET REVISIONSPARTNERSELSKAB

COMPANY INFORMATION

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	Fax:	+45 45 89 31 55
	Homepage:	www.multi-wing.com
	E-mail:	info@multi-wing.com
	CVR-no.	31 18 48 43
	Date of foundation:	30 June 2008
	Registered office:	Rudersdal
	Financial year:	1 January – 31 December
Board of Directors:	John Korsø Jensen (chairman) Annette Bernhoft Andersen Jesper Bernhoft	
Board of Executives:	Daniel Williams	
Audit:	MAZARS, statsautoriseret revisionspartnerselskab Østerfælled Torv 10, 2. sal 2100 København Ø	

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STATEMENT BY MANAGEMENT

The Board of Directors and Board of Executives have today presented and adopted the Annual Report of Multi-Wing Group ApS for 2017.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements gives a true and fair view of the Company's and Group's financial position at 31 December 2017 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2017.

In our opinion the management report contains a fair statement of the matters under review.

The Annual Report is submitted for adoption by the general meeting.

Vedbæk, 29 May 2018

Board of Executives:

Daniel Williams

Board of directors:

John Korsø Jensen (Chairman)

Annette Bernhoft Andersen

Jesper Bernhoft

INDEPENDENT AUDITOR'S REPORTS

To the shareholders of Multi-Wing Group ApS

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Multi-Wing Group ApS for the financial year 1 January – 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act.
In our opinion, the Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the Company´s financial position at 31 December 2017 and of the results of the Group and the Parent Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Statements and the 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 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 Parent Company Financial Statements unless Management either intends to liquidate the Group or the 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 Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and 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 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 Company Financial Statements As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and 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 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 Parent Company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information for the Group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the Group. We alone are 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and Parent Company Financial Statements does not cover 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 Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT, continued

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and 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 Management's Review.

Copenhagen, 29 May 2018
MAZARS
statsautoriseret revisionspartnerselskab
CVR-no. 31 06 17 41

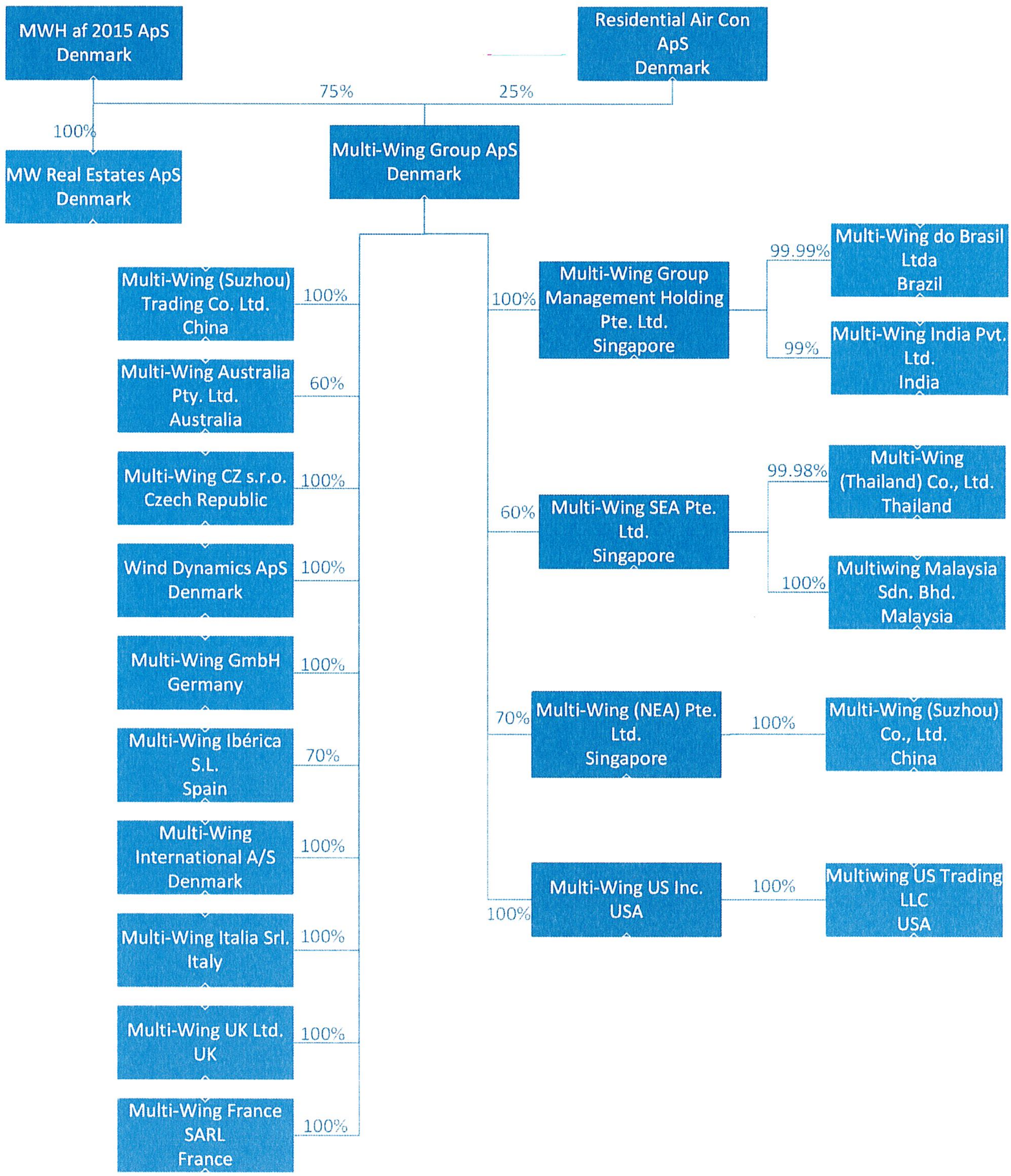
Kurt Christensen
statsautoriseret revisor
(State-authorised public accountant)
MNE-no. mne26824

FINANCIAL HIGHLIGHTS AND RATIO'S FOR THE GROUP

	2017	2016	2015	2014	2013
	DKK million	DKK million	DKK million	DKK million	DKK million
Income statement					
Gross margin	169.3	132.3	129.6	130.0	123.7
Operating result	65.0	40.8	41.9	50.7	41.2
Financials, net	-5.6	-1.0	-5.9	-7.7	-8.9
Profit / loss for the year	41.8	29.9	26.5	30.9	24.1
Balance sheet					
Investment in property, plant and equipment	6.6	13.3	16.0	7.0	8.5
Total balance	258.0	240.7	246.8	257.3	218.3
Equity	148.5	137.0	127.8	118.7	85.4
Ratios in %					
Return on invested capital	45.8%	32.2%	36.4 %	49.0 %	42.1 %
Return on equity	38.7%	23.9%	18.9 %	28.4 %	33.0 %

For definition, see section on accounting policies.

GROUP CHART



MWH af 2015 ApS Denmark
Residential Air Con ApS Denmark
75%
25%
100%
MW Real Estates ApS Denmark
Multi-Wing Group ApS Denmark
Multi-Wing (Suzhou) Trading Co. Ltd. China
100%
Multi-Wing Australia Pty. Ltd. Australia
60%
Multi-Wing CZ s.r.o. Czech Republic
100%
Wind Dynamics ApS Denmark
100%
Multi-Wing GmbH Germany
100%
Multi-Wing Ibérica S.L. Spain
70%
Multi-Wing International A/S Denmark
100%
Multi-Wing Italia Srl. Italy
100%
Multi-Wing UK Ltd. UK
100%
Multi-Wing France SARL France
100%
100%
Multi-Wing Group Management Holding Pte. Ltd. Singapore
99.99%
Multi-Wing do Brasil Ltda Brazil
99%
Multi-Wing India Pvt. Ltd. India
60%
Multi-Wing SEA Pte. Ltd. Singapore
99.98%
Multi-Wing (Thailand) Co., Ltd. Thailand
100%
Multiwing Malaysia Sdn. Bhd. Malaysia
70%
Multi-Wing (NEA) Pte. Ltd. Singapore
100%
Multi-Wing (Suzhou) Co., Ltd. China
100%
Multi-Wing US Inc. USA
100%
Multiwing US Trading LLC USA

MANAGEMENT REVIEW

Main activity

The Groups principal activity is to develop, produce and sell axial impellers for industrial purposes.

The impellers are sold globally.

Developments in the financial year

Income statement items comprise the Group's operations for the period 1 January - 31 December 2017. 2017 was a year of recovery. All mature markets experienced recovery from 2016 decline in sales, especially the construction machinery and the volatile oil & gas market improved in sales as many customers are within this sector.

The emerging markets in Southeast Asia and India in particular, was struggling more to come up to expectations. This is however, expected to improve in 2018. The recovery of all mature markets made 2017 a very satisfying year going beyond the expectations in the budget of the year. The efficient procurement processes and strict cost control also enabled stabile earnings.

In 2017 the Group finalised law-suits with Hascon and Enginemates to satisfactory agreements.

Special risks

Price risks

The impeller components are cast in aluminium and engineered thermoplastics. Both markets are relatively volatile and are especially sensitive to increasing oil prices and, to some extent, the development of the USD exchange rate. Significant increases in raw material prices are expected for 2018. Alternatives are to be considered to counter this.

Currency and interest-rate risks

Since the Group is increasingly doing business in foreign currencies, it assumes a growing currency risk. The risk is limited to the share of deals made with companies outside Europe.

The Group's interest-rate risks are limited.

Knowledge resources

The Group consistently focuses on having a highly skilled workforce in order to be at the forefront of the latest technologies in its core competency areas. The Groups main objective is to work with innovative approaches that will improve and streamline the Groups interaction with customers.

Research and development activities

The Group has ongoing development projects, which are derived from the expectations of future demand as well as the potential development of the technology involved.

The major part of development projects are related to the development of new types of fans with a particular focus on noise reduction and energy optimization. The projects are proceeding as planned and expected to be completed within 1 to 5 years. The increased demands for environmental impact in both the US and the EU mean that there is increased focus and demand for this type of fans.

Environmental conditions

The Group's environmental impact is assessed to be minimal, since there are no associated production activities.

Recognition and measurement uncertainties

No recognition and measurement uncertainties exist.

Unusual matters

No unusual matters have affected the Financial Statements for 2017.

Outlook

The outlook for 2018 is that we expect that the sales of components to the mature markets will be in growth in the first half of the year, we expect especially the North American and the German market to grow. Earnings will be affected by significant increases in raw materials. Moderate risk hedging will reduce the effect of these increases.

Growth in the emerging markets India, Southeast Asia and South America are expected.

It is expected that 2018 will be a year where the Group will continue to participate in various development projects with large global customer. It is a resource consuming process, but will also involve a significant opportunity for close a long-lasting cooperation.

Development projects are subject to external factors like demand and supply, regulatory developments in general and specifically in US and EU and resources that cannot be predicted with any certainty such as oil pricing.

The Group is expected to make major investments in 2018. These investments will be capital-intensive, and their implementation will require vast internal resources. 2018 will be a year placing high demands on the organization's flexibility and ability to adapt.

Events after the reporting period

No events have occurred which could significantly affect the Group's financial position.

ACCOUNTING POLICIES

The Annual Report of Multi-Wing Group ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) governing reporting class C (medium size).

The accounting policies remain unchanged compared with last year.

Basis of recognition and measurement

Income is recognised in the income statement as it is earned, including adjustments to the value of financial assets and liabilities. All expenses, including depreciation, amortisation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liabilities can me reliably measured.

On initial recognition assets and liabilities are measured at cost and subsequently as described for each item below. Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company Multi-Wing Group ApS and its subsidiaries.

The Consolidated Financial Statements are prepared by combining items of a uniform nature. On consolidation intercompany revenue and expenses, intra-group balances and dividends, and any realised and unrealised gains and losses on transactions between the Consolidated Companies are eliminated.

Newly acquired or newly established companies are recognised in the Consolidated Financial Statements as from the date of acquisition. Enterprises sold are included in the consolidated income statement until the date of disposal.

Comparative figures for newly acquired or divested companies are not corrected.

On acquisition of new enterprises, the acquisition method is applied, according to which the identifiable assets and liabilities are measured at fair value at the time of acquisition.

Positive differences (goodwill) between cost and fair value of acquired identifiable assets and liabilities are recognised under intangible assets and amortised systematically on an individual assessment of the economic life not exceeding 20 years. When deciding the economic life, it is taken into consideration that the majority of the Company's products are part of long-term development projects and used in machinery and equipment with a long lifetime of the individual model, often leading to a lifetime exceeding 5 years.

Gains and losses on disposal of subsidiaries are calculated as the difference between selling price and carrying amount of net assets at the time of disposal and expected costs of sale.

Group acquisitions, where both companies are under common control are recognised in accordance with the method of "pooling of interest", where after recognised assets and liabilities are aggregated with no fair value re-valuation. The acquired companies are recognised in the financial statements and group financial statements as if the companies had been merged from the earliest period which is presented in the accounts.

ACCOUNTING POLICIES, continued

Minority interest

In the Consolidated Financial Statements, the items of subsidiaries are recognised in full. The minority interests' proportionate share of subsidiaries' profit / loss and equity is presented separately under appropriation of profit and in a main item under equity.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation adjustments

Foreign currency transactions are adjusted applying the rate of exchange applicable at the date of transaction.

Receivables, payables and other monetary items denominated in foreign currencies, which have not been settled by the balance sheet date, are translated applying the rate of exchange applicable at the balance sheet date.

Property, plant and equipment purchased in foreign currencies are translated using the exchange rate applicable at the date of transaction.

THE INCOME STATEMENT

Gross margin

Which reference to section 32 of the Danish Financial Statements Act, the items "Net revenue" to and including "Other external expenses" are consolidated into one item designated "Gross margin".

Revenue

Revenue is recognised in the income statement, provided that the products and services have been delivered and the risk has passed to the buyer before the end of the year.

Revenue is recognised exclusive of VAT and less sales discount.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, losses on receivables, lease payments under operating leases etc.

Other operating income / costs

Other operating income / costs comprise items of secondary nature in relation to the Company's core business.

Staff costs

Staff costs consist of wages and salaries, including holiday pay and pensions and other costs to social security to the Company's employees. There is deducted received compensation from public authority in staff costs.

Result of investments in group enterprises

In the income statement the proportionate share of the individual group enterprises result after tax are recognised.

Items under financial income and expenses

Financial income and cost are recognised in the income statement with those amounts, which concerns the financial year. Items under financial income and expenses consists of interest income and costs, financial cost with financial leasing, realised and unrealised capital gain and loss concerning transactions in foreign currency, additions and compensations under the tax prepayment scheme etc.

ACCOUNTING POLICIES, continued

THE INCOME STATEMENT, continued

Tax on result of the year

Tax of the year, which contains the actual tax of the year and the displacement in deferred tax, are recognised in the income statement with the part which can attribute to the result of the year and directly in the equity with the part which can attribute to entries directly on the equity.

The Company is jointly taxed with other Danish companies in the Multi-Wing Group. The Danish income tax is allocated between the jointly taxed Danish companies in proportion to their taxable income. The jointly taxed companies are taxed under the advance payment tax scheme.

BALANCE SHEET

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of management experience within the individual business areas. Goodwill is amortised over the amortisation period, not exceeding 20 years, and based on an individual judgement of the companies' market position and earning profile.

The carrying value of goodwill is assessed currently and written down to recoverable amount through the income statement if the carrying value exceeds the future net income from the enterprise or activity to which the goodwill is related.

Development costs incurred in development, patents and licenses, includes internal and external costs directly attributable to the Company's development and fulfilling criteria for recognition.

Capitalised development costs are measured at cost less accumulated depreciation and recoverable amount, whichever is lower.

Property, plant and equipment

Buildings, leasehold improvements, test stand and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Straight-line depreciation is made on property, plant and equipment following estimated useful lives as follows:

	Useful life	Residual value
Development costs	5 years	0%
Buildings	16 years	0%
Leasehold improvements	3 years	0%
Other fixtures and fittings, tools and equipment	3 - 5 years	0%

Profits or losses from disposal of property, plant and equipment are stated as the difference between the selling prices less than selling costs and the carrying amount at the date of sale. Profits or losses are recognised in the income statement under depreciation.

ACCOUNTING POLICIES, continued

BALANCE SHEET, continued

Financial assets

Equity investments in group enterprises are recognised in the balance sheet to the proportionate share of the Company's equity method is made up from the Parent Company's accounting policies.

Group enterprises with a negative equity are recognised with zero kroner and any receivables with these companies are written down with the Parent Company's share of the negative equity value in that extent, it is estimated uncollectible. Provided that the negative value of equity exceeds the receivable, the remaining amount will be recognised under provisions in that extent that the Parent Company has a legal or actual obligation to cover group enterprises negative balance.

Net revaluation of equity investments in group enterprises are transferred under equity to net revaluation reserve according to the equity method in that extent, that the carrying amount exceed the acquisition cost with deduction of amortisation of goodwill.

Inventories

Inventories are measured at cost on the basis of the FIFO method. Where cost exceeds the net realisable value, inventories are written down to the lower of these two values.

Cost for merchandise and raw materials and consumables used extents cost with addition of delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, direct labour and direct as well as indirect production costs.

Net realisable value of inventories is calculated as selling price less costs of completion, costs and expenses incurred in making the sale and are determined according to the convertible unit, obsolescence and development in expected sales.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. Provisions for bad debts are made to meet expected losses at net realisable value.

Prepayments

Prepayments, recognised under assets or liabilities, cover costs paid respectively payments received for the ensuing years.

Short-term investments

Listed securities are recognised to market value on the balance sheet date.

Equity

The expected dividend payment for the year is shown as a separate item under equity. Dividends are recognised as a liability at the time of adoption by the General Assembly.

ACCOUNTING POLICIES, continued

BALANCE SHEET, continued

Corporation tax and deferred tax

Current tax and current tax receivable are recognised in the balance sheet as computed tax of taxable income for the financial year adjusted for tax of taxable income for previous years and paid account taxes.

Deferred tax is measured using the balance sheet liability method and all temporary difference between carrying amount and tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates, which are operative at the balance sheet date, if the deferred tax was expected to be released as current tax. Changes in deferred tax due to changes in the tax rate are measured in the income statement. For the present financial year, a tax rate of 22.5 % has been applied for the Danish entities in the Group.

Total payable Danish company tax for the Group is showed in the Parent Company.

Deferred tax is only accrued for the Danish entities, when the deferred tax is incumbent on the jointly taxed companies.

Financial liabilities

Other liabilities are measured at amortised cost, normally corresponding to nominal value.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.

ACCOUNTING POLICIES, continued

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company's cash flows are included in the Consolidated Cash Flow Statement.

Cash flow from operating activities

Cash flow from operating activities are calculated as the operating profit / loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flow from investing activities

Cash flow from investing activities comprises cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed assets investments.

Cash flow from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash and cash equivalents" and "Short-term investments" subtracted "Bank debt".

The cash flow statement cannot be immediately derived from the published financial records.

RATIOS

Ratios have been calculated as:

Return on invested capital $$\frac{\text{Operating profit x 100}}{\text{Average invested capital exclusive of goodwill}}$$

Return on equity $$\frac{\text{Profit / loss for the year x 100}}{\text{Average equity}}$$

INCOME STATEMENT FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2017

	Note	Group		Parent Company	
		2017	2016	2017	2016
		DKK'000	DKK'000	DKK'000	DKK'00
GROSS MARGIN:		169.349	132,096	1,178	95
Other costs		-4.453	-1,111	0	0
Staff costs	1	-84.438	-75,813	-100	-100
		80.458	55,172	1,078	-5
Depreciation	2	-15.434	-14,400	0	0
OPERATING RESULT:		65.024	40,772	1,078	-5
Result from subsidiaries after tax	3	0	0	41,617	27,124
Financial income	4	3,981	4,666	790	2,680
Financial expenses	5	-9,628	-5,696	-1,459	-2,624
PROFIT BEFORE TAX:		59,377	39,742	42,026	27,175
Tax on profit / loss for the year	6	-15,107	-9,850	-198	99
PROFIT FOR THE YEAR:	7	44,270	29,892	41,828	27,274

BALANCE SHEET AT 31 DECEMBER 2017

	Note	Group 2017 DKK'000	Group 2016 DKK'000	Parent Company 2017 DKK'000	Parent Company 2016 DKK'00 0
ASSETS:					
Completed development projects		6,170	9,864	0	0
Development projects under development		6,198	3,417	0	0
Goodwill		25,294	27,127	0	0
Intangible assets	8	37,662	40,408	0	0
Land and property		10,059	10,359	0	0
Leasehold improvements		1,434	1,785	0	0
Other fixtures and fittings, tools and equipment		24,240	27,078	0	0
Property, plant and equipment	9	35,733	39,222	0	0
Investment in subsidiaries	3	0	0	133,327	128,330
Deposits	10	1,657	1,567	0	39
Financial fixed assets		1,657	1,567	133,327	128,369
FIXED ASSETS:		75,052	81,197	133,327	128,369
Inventories		45,587	36,711	0	0
Trade receivables		79,022	71,171	0	0
Receivables from group enterprises		0	0	14,654	24,739
Receivable company tax		416	2,919	0	0
Deferred tax asset	11	1,151	898	0	0
Other receivables		9,164	2,991	0	0
Prepayments	12	5,976	3,586	0	0
Receivables		95,729	81,565	14,654	24,739
Current asset investments		4,950	0	4,950	0
Cash and cash equivalents		36,705	41,240	2,277	2,148
CURRENT ASSETS:		182,971	159,516	21,881	26,887
ASSETS:		258,023	240,713	155,208	155,256

BALANCE SHEET AT 31 DECEMBER 2017

	Note	Group		Parent Company	
		2017	2016	2017	2016
		DKK'000	DKK'000	DKK'000	DKK'000
LIABILITIES AND EQUITY:					
Share capital	13	125	125	125	125
Net revaluation under the equity method		0	0	43,440	39,104
Retained profit		103,002	92,558	59,562	53,454
Proposed dividend for the financial year		30,000	25,000	30,000	25,000
Minority interests		15,340	19,339	0	0
EQUITY:		148,467	137,022	133,127	117,683
Deferred tax	14	2,261	2,597	0	0
Provision in regard of deficiency in subsidiaries	15	0	0	985	432
PROVISIONS:		2,261	2,597	985	432
Instrument of debt	16	0	20,186	0	20,136
Long-term liabilities other than provisions		0	20,186	0	20,136
Short-term part of long-term debt	16	20,167	15,179	0	15,179
Bank debt		22,826	17,465	20,167	507
Trade creditors		29,733	21,218	791	0
Company tax		10,216	8,552	130	0
Other payables		24,353	18,494	8	1,319
Short-term liabilities other than provisions		107,295	80,908	21,096	17,005
LIABILITIES OTHER THAN PROVISIONS:		107,295	101,094	21,096	37,141
LIABILITIES AND EQUITY:		258,023	240,713	155,208	155,256

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Other contingent liabilities	20
Related parties	21

STATEMENT OF CHANGES IN EQUITY FOR 2017

	Group		Parent Company	
	2017	2016	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
EQUITY:				
Balance at 1 January	125	125	125	125
Share capital	125	125	125	125
Balance at 1 January	0	0	39,104	38,101
Retained earnings	0	0	41,617	27,124
Dividend for the year	0	0	-35,782	-24,335
Exchange rate adjustments, subsidiaries	0	0	-1,499	-1,784
Other revaluation	0	0	0	-2
Net revaluation under the equity method	0	0	43,440	39,104
Balance at 1 January	92,558	92,078	53,454	53,977
Retained earnings	12,059	2,273	-29.789	-24,850
Dividend for the year	0	0	35,782	24,335
Exchange rate adjustment, subsidiaries	-1,497	-1,784	0	0
Adjustment, financial instruments	115	-9	115	-8
Retained profit	103,002	92,558	59,562	53,454
Balance at 1 January	25,000	18,000	25,000	18,000
Dividend paid	-25,000	-18,000	-25,000	-18,000
Dividends proposed for the year	30,000	25,000	30,000	25,000
Dividends	30,000	25,000	30,000	25,000
Balance at 1 January	19,339	17,639	0	0
Share of profit for the year	2,444	2,619	0	0
Share of dividend paid	-5,442	-447	0	0
Exchange rate adjustment	-1,001	-472	0	0
Minority interests	15.340	19,339	0	0
EQUITY AT 31 DECEMBER:	148,467	137,022	133,127	117,683

CASH FLOW STATEMENT

	Note	2017	2016
		DKK'000	DKK'000
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		65,024	40,772
Depreciation for the year		15,682	14,400
Adjustments		-2,300	-2,267
Tax		-11,529	-9,050
Change in working capital	22	-10,916	3,508
CASH FLOW FROM OPERATING ACTIVITIES:		55,961	47,363
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of intangible assets		-3,842	-4,222
Purchase of property, plant and equipment		-6,454	-13,350
Addition, financial assets		-90	-7,081
Sale of property, plant and equipment		617	317
Purchase of current asset investments		-4,950	0
CASH FLOW FROM INVESTING ACTIVITIES:		-14,719	-24,336
CASH FLOW FROM FINANCING ACTIVITIES:			
Repayment of debt instrument		-15,050	-15,099
Interest receivable		3,981	4,664
Interest payable		-9,627	-5,696
Minority interest, share of dividend		-5,442	-446
Dividend paid		-25,000	-18,000
CASH FLOW FROM FINANCING ACTIVITIES:		-51,138	-34,577
Changes in cash and cash equivalents		-9,896	-11,550
Cash and cash equivalents 1 January		23,775	35,325
CASH AND CASH EQUIVALENTS, END OF YEAR:	23	13,879	23,775

NOTES TO THE FINANCIAL STATEMENTS

Note		Group		Parent Company	
		2017	2016	2017	2016
		DKK'000	DKK'000	DKK'000	DKK'000
1	**STAFF COSTS:**				
	Wages and salaries	74,476	64,677	100	100
	Pension	4,520	5,475	0	0
	Social security costs	6,115	6,427	0	0
	Other staff costs	1,887	1,606	0	0
		86,998	78,185	100	100
	Transferred to development projects	-2,560	-2,372	0	0
		84,438	75,813	100	100
	Average number of employees	240	225	0	0

With reference to the Danish Financial Statements Act. (*Årsregnskabsloven*) § 98 B, section 3 the Company has excluded information regarding Management's salary.

	Group	
	2017	2016
	DKK'000	DKK'000
Salaries and wages to the executive and advisory board	630	630

Note		Group		Parent Company	
		2017	2016	2017	2016
		DKK'000	DKK'000	DKK'000	DKK'000
2	**DEPRECIATION:**				
	Completed development projects	4,410	4,827	0	0
	Goodwill	1,942	1,683	0	0
	Property	916	864	0	0
	Leasehold improvements	437	166	0	0
	Other fixtures and fittings, tools and equipment	7,729	6,860	0	0
		15.434	14,400	0	0

NOTES TO THE FINANCIAL STATEMENTS, continued

Note

Note		Parent company	
3	**INVESTMENTS IN SUBSIDIARIES:**	2017	2016
		DKK'000	DKK'000
	Cost at 1 January	101,074	90,646
	Additions	109	10,428
	Cost at 31 December	101,183	101,074
	Impairment at 1 January	27,256	28,724
	Dividends paid	-35,783	-24,335
	Profit for the year	41,015	30,390
	Depreciation for the year, goodwill	-1,942	-1,683
	Exchange rate adjustment	-1,499	-1,784
	Adjustment, internal profit on inventories	2,544	-1,584
	Adjustment, deficiency in subsidiaries	553	-2,472
	Other revaluation	0	0
	Impairment at 31 December	32,144	27,256
	CARRYING AMOUNT 31.12.2017:	133,327	128,330
	Goodwill included	25,294	26,695

NOTES TO THE FINANCIAL STATEMENTS, continued

Note

3 **INVESTMENT IN SUBSIDIARIES, continued:**

Investment in subsidiaries are specified as follows (DKK'000)

	Registered office	*Owner-ship*	*Share capital*	*Equity*	*Profit for the year*	*Part of equity*	*Part of profit for the year*
Multi-Wing International A/S	Rudersdal Denmark	100 %	TDKK 500	29,916	18,993	29,916	18,993
Multi-Wing Australia Pty., Ltd.	Australia	60 %	TAUD 150	5,462	715	3,277	429
Multi-Wing France, SARL	France	100 %	TEUR 100	2,688	1,413	2,688	1,412
Multi-Wing (Suzhou) Co. Ltd.	China	70 %	TCNY 1.738	40,549	8,083	28,384	5,658
Multi-Wing Ibérica S.L.	Spain	70 %	TEUR 27	2,777	980	1,944	686
Multi-Wing GmbH	Germany	100 %	TEUR 25	2,463	278	2,463	278
Multi-Wing CZ s.r.o.	Czech Republic	100 %	TCZ 200	23,405	5,512	23,405	5,512
Wind Dynamic ApS	Rudersdal Denmark	100 %	TDKK 125	58	46	58	46
Multi-Wing Italia Srl.	Italy	100 %	TEUR 100	14,476	3,441	14,476	3,441
Multi-Wing Suzhou Trading Co. Ltd.	China	100 %	TCNY 2.040	2,862	708	2,862	708
Multi-Wing SEA Pte. Ltd.	Singapore	60 %	SGD 100	-154	-246	-93	-148
Multi-Wing NEA Pte. Ltd.	Singapore	70%	SGD 100	1,673	-560	1,171	-392
Multi-Wing GMH Pte. Ltd.	Singapore	99,8%	SGD 100	-299	835	-299	835
Multi-Wing India Pvt. Ltd.	India	100%	TINR 4,000	5,606	2,173	5,606	2,173
Multi-Wing do Brazil Lta.	Brazil	99%	TBRL 745	-478	-362	-474	-358
Multi-Wing US Inc.	USA	100%	USD 30	0	0	0	0
Multi-Wing UK Limited.	UK	100%	TGBP 18	5,647	2,178	5,647	2,178
Multi-Wing Malaysia sdn. bhd	Malaysia	60%	TMYR 500	531	-236	-129	-141
Multi-Wing Thailand Co.Ltd	Thailand	60%	TBaht 1,000	-292	-492	-289	-295
				140,372	43,459	120,613	41,015

Transferred to provision in regard of deficiency in subsidiaries	985	
Internal profit and loss 1 January	-16,109	
Displacement internal profit and loss	2,544	2,544
Goodwill 1 January	27,127	
Addition goodwill	109	
Depreciation goodwill	-1,942	-1,942
	133,327	41,617

NOTES TO THE FINANCIAL STATEMENTS, continued

Note		Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
		DKK'000	DKK'000	DKK'000	DKK'000
4	**FINANCIAL INCOME:**				
	Interest receivables from group enterprises ..	0	0	669	906
	Exchange rate gains	3,734	3,670	5	581
	Other financial income.................................	247	996	116	1,193
		3,981	4,666	790	2,680
5	**FINANCIAL EXPENSES:**				
	Interest payables to group enterprises...........	0	0	0	245
	Exchange rate loss..	7,117	3,464	428	1,069
	Other financial expenses	2,511	2,232	1,031	1,310
		9,628	5,696	1,459	2,624
6	**TAX ON PROFIT / LOSS FOR THE YEAR:**				
	Current tax for the year	-15,599	-9,893	-97	0
	Adjustment of tax from previous year	-101	0	-101	0
	Joint tax income to group enterprises............	0	43	0	99
	Deferred tax adjustment...............................	593	0	0	0
		-15,107	-9,850	-198	99
7	**PROPOSED APPROPRIATION OF PROFIT / LOSS:**				
	Net revaluation under the equity method......	0	0	41,617	27,124
	Proposed dividend for the year	30,000	25,000	30,000	25,000
	Retained profit / loss	11,826	2,273	-29,789	-24,850
	Minority interest of share of earnings	2,444	2,619	0	0
		44,270	29,892	41,828	27,274

Note		Group Development projects Completed	Group Development projects Under construction	Goodwill
8	**INTANGIBLE ASSETS (DKK'000):**			
	Cost at 1 January	30,403	3,417	37,085
	Currency adjustment	-91	10	0
	Additions	786	2,949	109
	Transferred to completed development projects	0	-178	0
	Cost at 31 December	31,098	6,198	37,194
	Depreciation and amortisation at 1 January	-20,539	0	-9,958
	Exchange rate adjustment	21	0	0
	Depreciation and amortisation during the year	-4,410	0	-1.942
	Depreciation at 31 December	-24,928	0	-11,900
	CARRYING AMOUNT AT 31 DECEMBER:	6,170	6,198	25,294

The major part Group's development projects are related to the development of new types of axial impellers with a particular focus on noise reduction and energy optimization. The projects are proceeding as planned and expected to be completed within 1 to 5 years. The increased demands for environmental impact in both the US and the EU mean that there is increased focus and demand for these types of axial impellers.

In addition, development costs for implementing a new ERP system are also recognized in the balance sheet. The development has progressed as planned, and the rollout is almost completed in all of the group companies in 2017. A more efficient and timely financial reporting is expected as a result of the implementation.

Note		Group Land and property	Group Other fixtures and fittings, tools and equipment	Group Leasehold Improvements
9	**PROPERTY, PLANT AND EQUIPMENT (DKK'000):**			
	Cost at 1 January	15,441	75,710	2,283
	Currency adjustment	932	-951	-115
	Additions	20	6,451	160
	Disposals	0	-1,807	0
	Cost at 31 December	16,393	79,403	2,328
	Depreciation and amortization at 1 January	-5,082	-48,879	-498
	Exchange rate adjustment	-336	255	41
	Depreciation and amortization during the year	-916	-7,729	-437
	Reversal of disposals on depreciation	0	1,190	0
	Depreciation at 31 December	-6,334	-55,163	-894
	CARRYING AMOUNT AT 31 DECEMBER:	10,059	24,240	1,434

NOTES TO THE FINANCIAL STATEMENTS, continued

Note		2017	2016
		DKK'000	DKK'000
10	**DEPOSIT:**		
	Cost at 1 January	1,567	1,293
	Additions	90	274
	CARRYING AMOUNT AT 31 DECEMBER:	1,657	1,567

11 DEFERRED TAX ASSETS:

In 2017, Australia, CZ, India and UK reported deferred tax assets. These deferred tax assets arise mainly due to a higher net tax value of fixed assets than the net book value, and the provision for bad debts and employee benefits that are recognised in the accounting books in 2017 but are only allowed for tax purposes in the later reporting periods when payment is made or when the liability becomes certain.

12 PREPAYMENTS:

Activated accrued costs include prepaid expenses concerning insurance, licenses, subscriptions, leasing and interest.

		Group / Parent company	
		2017	2016
13	**EQUITY:**	DKK'000	DKK'000
	The share capital is as follows:		
	Shares, 125 pieces of DKK 1,000	125	125
	SHARE CAPITAL AT 31 DECEMBER:	125	125

		Group		Parent Company	
		2017	2016	2017	2016
		DKK'000	DKK'000	DKK'000	DKK'000
14	**PROVISION FOR DEFERRED TAX:**				
	Provision for deferred tax at 1 January 2017	2,597	2,964	0	0
	Provision in year	-336	-367	0	0
		2,261	2,597	0	0

Note

15 PROVISION IN REGARD OF DEFICIENCY IN SUBSIDIARIES

The provision covers group enterprises with negative equity where the Parent Company has a legal or an actual obligation to cover the negative balance.

16 LONG-TERM LIABILITIES OTHER THAN PROVISIONS:

Of the long-term debt of the Parent as well as the Group's the entire debt is due more than 5 years after the balance sheet date.

17 ASSETS CHARGED AND SECURITY:

As security for debt, Multi-Wing Group ApS has pledged investments in subsidiaries with a total booked value representing 133,327 DKK'000.

As security for credit institute engagement pledges are given in group entities operating equipment, stocks, and receivables amounting to 10,000 DKK'000.

In provision of security for credit institute engagement, group entities have pledged fixed assets in the form of tools and equipment with a total value of 17,994 DKK'000 and carrying value of 11,356 DKK'000.

Multi-Wing Group ApS and certain subsidiaries have provided joint and several liabilities guarantee for Multi-Wing International A/S.

18 HEDGING INSTRUMENTS:

The Parent Company as decided to hedge against expected interest risk on the major part of loans.

		Contractual value		Gains and losses recorded under equity	
DKK'000	Period	2017	2016	2017	2016
Interest swap ...	< 1 year	20,000	15,000	-167	-136
Interest swap ...	> 1 year	0	20,000	0	-179

19 CONTRACTUAL OBLIGATIONS:

The Group has signed the following lease obligations:

The Group has signed leases with a maturity of up to 120 months. The lease-obligation amounts to 2,254 DKK'000 exclusive of VAT.

NOTES TO THE FINANCIAL STATEMENTS, continued

Note

20 OTHER CONTINGENT LIABILITIES:

The Parent Company, Multi-Wing Group ApS, has issued a letter of support towards Multi-Wing SEA Pte. Ltd. and Multi-Wing GMH Pte. Ltd. and will provide the necessary financing and funds for the companies, in order to support the continuous operations as a Going Concern.

The Company is jointly taxed with other Danish companies. The Danish companies of the Group are jointly and severally liable to tax of the Group's jointly taxed income etc. The total payable corporate tax is shown in Multi-Wing Group ApS' Annual Report, CVR-no. 31 18 48 43, who is managing company in relation to the joint taxation. Furthermore, the Danish companies of the Group are jointly and severally liable in relation to the Danish withholding taxes in form of dividend tax, royalty tax and interest tax. Any future corrections to corporate taxes and withholding taxes can result in a larger amount of the Company's liability.

The company is jointly registered for VAT with Multi-Wing International A/S and Wind Dynamic ApS. These companies are jointly and severally liable to VAT under this registration.

21 RELATED PARTIES:

Multi-Wing Group ApS' related parties include as follows:

Controlling influence:	**Basis:**
MWH af 2015 ApS	Parent

Other related parties:	**Basis:**
Jesper Bernhoft	Member of Board of Directors
Annette Bernhoft Andersen	Member of Board of Director
John Korsø Jensen	Member of Board of Director
Subsidiaries etc.	Reference is made to the Group Overview in the section "Management Review" and note 3 respectively.

Transactions with related parties:

There have been no transactions with related parties besides transactions between Group Companies in regard of ordinary intercompany trade. All transactions are considered to be completed on an arms-length basis, and in accordance with section 97c of the Danish Financial Statements Act, no information on transactions is given.

Note

		Group company
		2017
22	**CHANGE IN WORKING CAPITAL:**	DKK'000
	Change in inventories	-8,876
	Change in trade receivables	-7,851
	Change in other receivables	-6,173
	Change in prepayments	-2,390
	Change in trade creditors	8,515
	Change in other payables	5,859
	CARRYING AMOUNT AT 31 DECEMBER:	-10,916

		Group company
		2017
23	**CASH AND CASH EQUIVALENTS AT YEAR-END:**	DKK'000
	Cash and cash equivalents, year-end	36,705
	Bank debt, year-end	-22,826
	CARRYING AMOUNT AT 31 DECEMBER:	13,879