MULTI-WING GROUP APS

Annual Report for the period
1 January – 31 December 2016
(9th financial year)

The Annual Report was presented and adopted at the Company's annual general meeting,
held on / 2017

John Korsø Jensen
Chairman of the meeting

CVR-no. 31 18 48 43

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MAZARS
STATSAUTORISERET REVISIONSPARTNERSELSKAB

COMPANY INFORMATION

The Company:	Multi-Wing Group ApS Staktoften 16 2950 Vedbæk	
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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 2016.

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 2016 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2016.

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, 4 May 2017

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 2016, 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 2016 and of the results of the Group and the Parent Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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:

INDEPENDENT AUDITOR'S REPORT, continued

- 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, 4 May 2017
MAZARS
statsautoriseret revisionspartnerselskab
CVR-no. 31 06 17 41

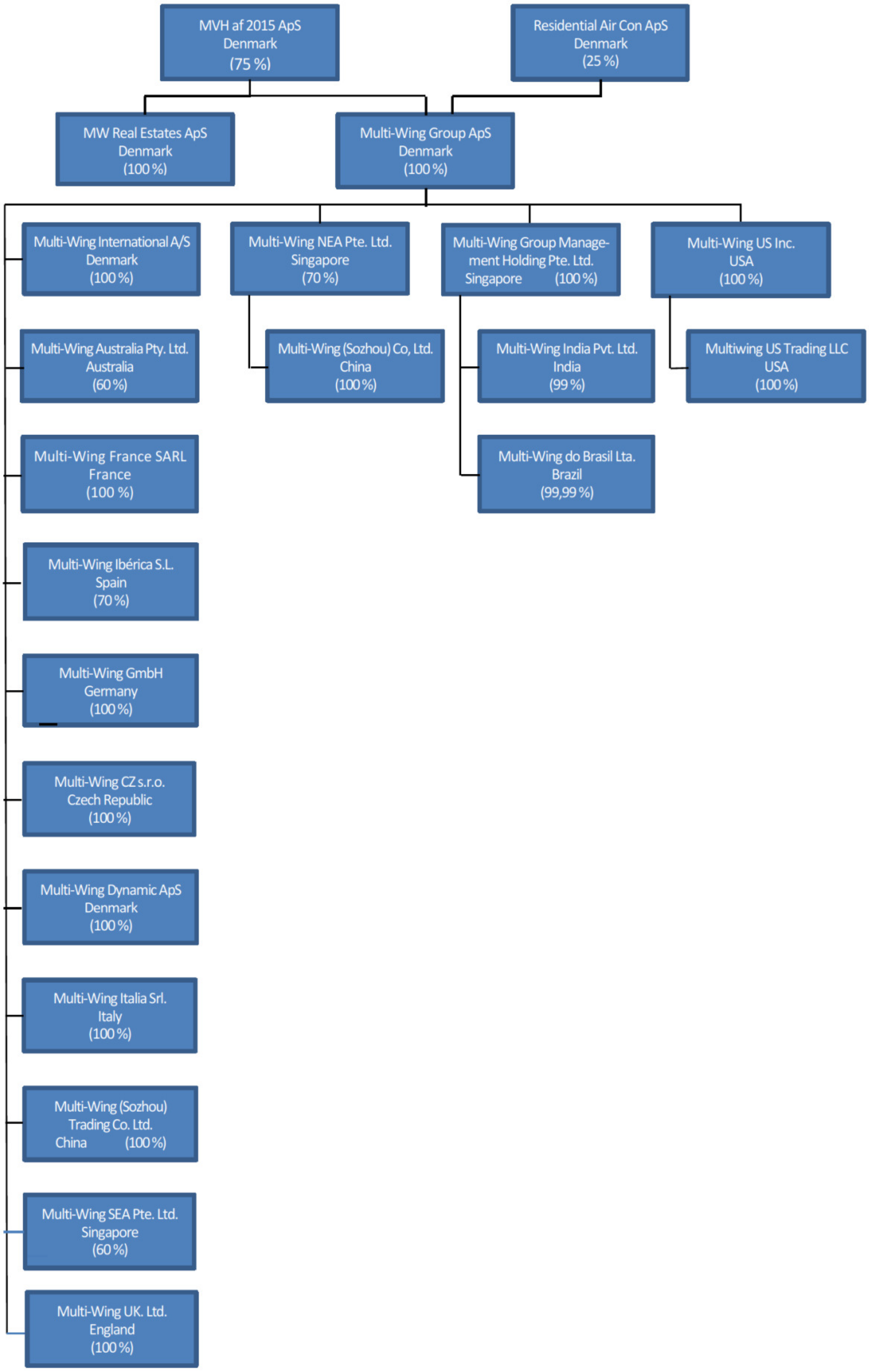
Kurt Christensen
statsautoriseret revisor
(State-authorised public accountant)

FINANCIAL HIGHLIGHTS AND RATIO'S FOR THE GROUP

	2016	2015	2014	2013	2012
	DKK million	DKK million	DKK million	DKK million	DKK million
Income statement					
Gross margin	132,3	129,6	130,0	123,7	105,2
Operating results	40,8	41,9	50,7	41,2	39,2
Financials, net	-1,2	-5,9	-7,7	-8,9	-7,7
Profit / loss for the year	27,3	23,4	28,1	21,4	19,5
Balance sheet					
Investment in property, plant and equipment	20,2	16,0	7,0	8,5	6,3
Total balance	240,7	246,8	257,3	218,3	201,7
Equity	117,7	110,2	104,5	74,1	55,5
Ratios in %					
Return on invested capital	32,2%	36,4 %	49,0 %	42,1 %	39,5 %
Return on equity	23,9%	21,8 %	31,5 %	33,0 %	42,6 %

For definition, see section on accounting policies.

GROUP CHART


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

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 operations for the period 1 January – 31 December 2016. 2016 was a challenging year for the Group. All mature markets experienced decline in sales, and especially the customers within construction machinery had a negative development in their purchases.

The new emerging markets, India in particular, contributed to counter the effect from the mature markets, making 2016 a satisfying year however without reaching the expectations in the budget of the year. Due to efficient procurement processes, strict cost control and a more efficient financial structure, the Group manages to improve earnings despite the negative sales development.

The Group finished two major projects in 2016. The global roll out of a new ERP system required many resources but now the IT infrastructure of the Group is updated and huge improvement in the financial reporting and communication with stakeholders is expected. Furthermore a new modern factory was opened in China, and furthermore a new wind tunnel was constructed adding to the R & D resources and capabilities of the Group.

As part of the strategic consolidation of the Group a long planned acquisition of Multi-Wing UK was made in later part of the year. The acquisition was well planned and besides getting connected to the IT-platform of the Group, the integration is expected to be seamless.

Special risks

Price risks

The impeller components are cast in aluminium and engineering thermoplastics, respectively. Both markets are relatively volatile and are especially sensitive to increasing oil prices and, to some extent, the development of the USD exchange rate.

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 Company’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 expectations of future demand as well as the potential development of the technology involved.

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 2016.

Outlook

The outlook for 2017 is that the mature markets will be in recovery in the first half of the year, we expect especially the North American and the German market to be in improvement. 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 and South America is expected.

It is expected that in 2017 the Group will continue to participate in various development projects with large global customers. It will be a resource-consuming process, but will also involve a significant opportunity for close and long-lasting cooperation. These development projects are subject to great risk because it cannot be predicted with any certainty if and when they will come into actual production. This depends on many factors, not least whether the final applications can meet the new US and EU standards.

2017 is a consolidation year for the Group where focus will be apart from the ongoing business development on implementation of the new ERP system and utilising the new R & D facility in China. Significant reduction of the Group debt is expected. The major new investment will be the conclusion of a new assembly factory in India, significantly increasing the Groups capacity in India.

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 2016 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:

Development costs	5 years
Buildings	16 years
Leasehold improvements	3 years
Other fixtures and fittings, tools and equipment	3 - 5 years

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 2016

	Note	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
		DKK'000	DKK'000	DKK'000	DKK'000
GROSS MARGIN:		132.096	129.636	95	-82
Other costs		-1.111	-291	0	0
Staff costs	1	-75.813	-75.151	100	-100
Depreciation	2	-14.400	-12.288	0	0
OPERATING RESULT:		40.772	41.906	-5	-182
Result from subsidiaries after tax	3	0	0	27.124	24.707
Financial income	4	4.666	8.081	2.680	3.085
Financial expenses	5	-5.696	-13.978	-2.624	-4.006
PROFIT BEFORE TAX:		39.742	36.009	27.175	23.604
Tax on profit / loss for the year	6	-9.850	-9.536	99	-220
PROFIT FOR THE YEAR:	7	29.892	26.473	27.274	23.384

BALANCE SHEET AT 31 DECEMBER 2016

		Group		Parent Company	
	Note	2016	2015	2016	2015
		DKK'000	DKK'000	DKK'000	DKK'000
ASSETS:					
Completed development projects		9.864	10.342	0	0
Development projects under development		3.417	3.543	0	0
Goodwill		27.127	22.003	0	0
Intangible assets	8	40.408	35.888	0	0
Land and property		10.359	11.250	0	0
Leasehold improvements		1.785	62	0	0
Other fixtures and fittings, tools and equipment		27.078	22.901	0	0
Property, plant and equipment	9	39.222	34.213	0	0
Investment in subsidiaries	3	0	0	128.330	119.370
Deposits	10	1.567	1.293	39	0
Financial fixed assets		1.567	1.293	128.369	119.370
FIXED ASSETS:		81.197	71.394	128.369	119.370
Inventories		36.711	35.930	0	0
Trade receivables		71.171	61.196	0	0
Receivables from group enterprises		0	4.429	24.739	32.091
Receivable company tax		2.919	3.259	0	2.041
Deferred tax asset	11	898	792	0	0
Other receivables		2.991	1.869	0	0
Prepayments	12	3.586	5.418	0	301
Receivables		81.565	76.963	24.739	34.433
Short-term investments		0	11.325	0	11.325
Cash and cash equivalents		41.240	53.314	2.148	2.418
CURRENT ASSETS:		159.516	177.532	26.887	48.176
ASSETS:		240.713	248.926	155.256	167.546

BALANCE SHEET AT 31 DECEMBER 2016

		Group		Parent Company	
	Note	2016	2015	2016	2015
		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	39.104	38.101
Retained profit		92.558	92.078	53.454	53.977
Proposed dividend for the financial year		25.000	18.000	25.000	18.000
Minority interests		19.339	17.639	0	0
EQUITY:		137.022	127.842	117.683	110.203
Deferred tax	14	2.597	2.964	0	0
Provision in regard of deficiency in subsidiaries	15	0	0	432	2.905
PROVISIONS:		2.597	2.964	432	2.905
Instrument of debt	16	20.186	35.297	20.136	35.173
Long-term liabilities other than provisions		20.186	35.297	20.136	35.173
Short-term part of long-term debt	16	15.179	15.162	15.179	15.137
Bank debt		17.465	29.315	507	3.409
Trade creditors		21.218	16.051	0	694
Company tax		8.552	7.622	0	0
Other payables		18.494	14.673	1.319	25
Short-term liabilities other than provisions		80.908	82.823	17.005	19.265
LIABILITIES OTHER THAN PROVISIONS:		101.094	118.120	37.141	54.438
LIABILITIES AND EQUITY:		240.713	248.926	155.256	167.546

Assets charged and security	17
Hedging instruments	18
Contractual obligations	19
Other contingent liabilities	20
Related parties	21

STATEMENT OF CHANGES IN EQUITY

	Group		Parent Company	
	2016	2015	2016	2015
	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	38.101	38.563
Retained earnings	0	0	27.124	24.707
Dividend for the year	0	0	-24.335	-27.742
Exchange rate adjustments, subsidiaries	0	0	-1.784	2.573
Other revaluation	0	0	-2	0
Net revaluation under the equity method	0	0	39.104	38.101
Balance at 1 January	92.078	84.358	53.977	45.795
Retained earnings	2.273	5.384	-24.850	-19.323
Dividend for the year	0	0	24.335	27.742
Exchange rate adjustment, subsidiaries	-1.784	2.573	0	0
Adjustment, financial instruments	-9	-237	-8	-237
Retained profit	92.558	92.078	53.454	53.977
Balance at 1 January	18.000	20.000	18.000	20.000
Dividend paid	-18.000	-20.000	-18.000	-20.000
Dividends proposed for the year	25.000	18.000	25.000	18.000
Dividends	25.000	18.000	25.000	18.000
Balance at 1 January	17.639	14.263	0	0
Share of profit for the year	2.619	3.090	0	0
Share of dividend paid	-447	-402	0	0
Exchange rate adjustment	-472	688	0	0
Minority interests	19.339	17.639	0	0
EQUITY AT 31 DECEMBER:	137.022	127.842	117.683	110.203

CASH FLOW STATEMENT

	Note	Group 2016	Group 2015
		DKK'000	DKK'000
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		40.772	41.906
Depreciation for the year		14.400	12.288
Adjustments		-2.267	2.499
Tax		-9.050	-8.201
Change in working capital	22	3.508	-3.590
CASH FLOW FROM OPERATING ACTIVITIES:		47.363	44.902
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of intangible assets		-4.222	-4.326
Purchase of property, plant and equipment		-13.350	-16.046
Addition, financial assets		-7.081	-518
Sale of property, plant and equipment		317	1.243
CASH FLOW FROM INVESTING ACTIVITIES:		-24.336	-19.647
CASH FLOW FROM FINANCING ACTIVITIES:			
Repayment of debt instrument		-15.099	-106.667
New loans		0	60.000
Interest receivable		4.664	8.076
Interest payable		-5.696	-12.902
Minority interest, share of dividend		-446	-403
Dividend paid		-18.000	-20.000
CASH FLOW FROM FINANCING ACTIVITIES:		-34.577	-71.896
Changes in cash and cash equivalents		-11.550	-46.641
Cash and cash equivalents 1 January		35.325	81.966
CASH AND CASH EQUIVALENTS, END OF YEAR:	23	23.775	35.325

NOTES TO THE FINANCIAL STATEMENTS

Note		Group 2016 DKK'000	Group 2015 DKK'000	Parent Company 2016 DKK'000	Parent Company 2015 DKK'000
1	**STAFF COSTS:**				
	Wages and salaries	64.677	66.012	100	100
	Pension	5.475	4.735	0	0
	Social security costs	6.427	6.173	0	0
	Other staff costs	1.606	1.050	0	0
		78.185	77.970	100	100
	Transferred to development projects	-2.372	-2.819	0	0
		75.813	75.151	100	100
	Average number of employees	225	218	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 2016 DKK'000	Group 2015 DKK'000
Salaries and wages to the executive and advisory board	630	630

Note		Group 2016 DKK'000	Group 2015 DKK'000	Parent Company 2016 DKK'000	Parent Company 2015 DKK'000
2	**DEPRECIATION:**				
	Completed development projects	4.827	4.475	0	0
	Goodwill	1.683	1.592	0	0
	Property	864	572	0	0
	Leasehold improvements	166	35	0	0
	Other fixtures and fittings, tools and equipment	6.860	5.614	0	0
		14.400	12.288	0	0

NOTES TO THE FINANCIAL STATEMENTS, continued

Note

Note		Parent company 2016 DKK'000	Parent company 2015 DKK'000
3	**INVESTMENTS IN SUBSIDIARIES:**		
	Cost at 1 January	90.646	90.602
	Additions	10.428	44
	Cost at 31 December	101.074	90.646
	Impairment at 1 January	28.724	29.002
	Dividends paid	-24.335	-27.742
	Profit for the year	30.390	26.524
	Depreciation for the year, goodwill	-1.683	-1.592
	Exchange rate adjustment	-1.784	2.573
	Adjustment, internal profit on inventories	-1.584	-225
	Adjustment, deficiency in subsidiaries	-2.472	185
	Other revaluation	0	-1
	Impairment at 31 December	27.256	28.724
	CARRYING AMOUNT 31.12.2016:	128.330	119.370
	Goodwill	27.127	22.003
	Deficiency in subsidiaries	-432	-2.905
	Goodwill included	26.695	19.098

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	25.923	10.814	25.923	10.814
Multi-Wing Australia Pty., Ltd.	Australia	60 %	TAUD 150	5.626	571	3.379	343
Multi-Wing France, SARL	France	100 %	TEUR 100	2.610	1.396	2.610	1.396
Multi-Wing (Suzhou) Co. Ltd.	China	70 %	TCNY 1.738	54.080	5.381	37.856	3.766
Multi-Wing Ibérica S.L.	Spain	70 %	TEUR 27	3.132	1.207	2.192	844
Multi-Wing GmbH	Germany	100 %	TEUR 25	2.181	251	2.181	251
Multi-Wing CZ s.r.o.	Czech Republic	100 %	TCZ 200	21.111	4.441	21.111	4.441
Wind Dynamic ApS	Rudersdal Denmark	100 %	TDKK 125	12	-5	12	-5
Multi-Wing Italia Srl.	Italy	100 %	TEUR 100	13.395	2.589	13.395	2.589
Multi-Wing Suzhou Trading Co. Ltd.	China	100 %	TCNY 2.040	2.311	-653	2.311	-653
Multi-Wing SEA Pte. Ltd.	Singapore	60 %	SGD 100	89	646	53	381
Multi-Wing NEA Pte. Ltd.	Singapore	70%	SGD 100	-368	430	-257	301
Multi-Wing GMH Pte. Ltd.	Singapore	99,8%	SGD 100	-1.093	1.121	-1.094	1.121
Multi-Wing India Pvt. Ltd.	India	100%	kINR 4,000	3.766	2.543	3.766	2.543
Multi-Wing do Brazil Lta.	Brazil	99%	kBRL 745	-173	2.103	-172	2.082
Multi-Wing US Inc.	USA	100%	USD 30	0	0	0	0
Multi-Wing UK Limited.	UK	100%	TGBP 18	3.614	176	3.614	176
				136.216	33.011	116.880	30.390

Transferred to provision in regard of deficiency in subsidiaries	432	0
Internal profit and loss 1 January	-14.525	0
Displacement internal profit and loss	-1.584	-1.584
Goodwill 1 January	22.003	0
Addition goodwill	6.807	0
Depreciation goodwill	-1.683	-1.682
	128.330	27.124

NOTES TO THE FINANCIAL STATEMENTS, continued

Note		Group 2016 DKK'000	Group 2015 DKK'000	Parent Company 2016 DKK'000	Parent Company 2015 DKK'000
4	**FINANCIAL INCOME:**				
	Interest receivables from group enterprises...	0	0	906	933
	Exchange rate gains......................................	3.670	6.973	581	556
	Other financial income.................................	996	1.108	1.193	1.596
		4.666	8.081	2.680	3.085
5	**FINANCIAL EXPENSES:**				
	Interest payables to group enterprises	0	0	245	245
	Exchange rate loss..	3.464	8.839	1.069	242
	Other financial expenses	2.232	5.139	1.310	3.519
		5.696	13.978	2.624	4.006
6	**TAX ON PROFIT / LOSS FOR THE YEAR:**				
	Current tax for the year	-9.893	-9.336	0	0
	Adjustment of tax from previous year...........	0	-426	0	426
	Joint tax income to group enterprises...........	43	0	99	-206
	Deferred tax adjustment	0	226	0	0
		-9.850	-9.536	99	-220
7	**PROPOSED APPROPRIATION OF PROFIT / LOSS:**				
	Net revaluation under the equity method	0	0	27.124	24.707
	Proposed dividend for the year......................	25.000	18.000	25.000	18.000
	Retained profit / loss	2.273	5.384	-24.850	-19.323
	Minority interest of share of earnings............	2.619	3.089	0	0
		29.892	26.473	27.274	23.384

NOTES TO THE FINANCIAL STATEMENTS, continued

Note		Group		
		Development projects		
8	**INTANGIBLE ASSETS (DKK'000):**	Completed	Under construction	Goodwill
	Cost at 1 January	26.051	3.543	30.278
	Currency adjustment	4	0	0
	Additions	1.475	2.747	6.807
	Transferred to completed development projects	2.873	-2.873	0
	Cost at 31 December	30.403	3.417	37.085
	Depreciation and amortisation at 1 January	-15.709	0	-8.275
	Exchange rate adjustment	-3	0	0
	Depreciation and amortisation during the year	-4.827	0	-1.683
	Depreciation at 31 December	-20.539	0	-9.958
	CARRYING AMOUNT AT 31 DECEMBER:	9.864	3.417	27.127

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 2016. A more efficient and timely financial reporting is expected as a result of the implementation.

Note		Group		
9	**PROPERTY, PLANT AND EQUIPMENT (DKK'000):**	Land and property	Other fixtures and fittings, tools and equipment	Leasehold Improvements
	Cost at 1 January	15.483	65.828	393
	Currency adjustment	-55	-177	0
	Additions	13	11.447	1.890
	Disposals	0	-1.388	0
	Cost at 31 December	15.441	75.710	2.283
	Depreciation and amortization at 1 January	-4.233	-42.927	-332
	Exchange rate adjustment	15	84	0
	Depreciation and amortization during the year	-864	-6.860	-166
	Reversal of disposals on depreciation	0	1.071	0
	Depreciation at 31 December	-5.082	-48.632	-498
	CARRYING AMOUNT AT 31 DECEMBER:	10.359	27.078	1.785

NOTES TO THE FINANCIAL STATEMENTS, continued

Note		2016	2015
		DKK'000	DKK'000
10	**DEPOSIT:**		
	Cost at 1 January	1.293	775
	Additions	274	518
	CARRYING AMOUNT AT 31 DECEMBER:	1.567	1.293

11 DEFERRED TAX ASSETS:

In 2016, Australia, CZ and India 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 2016 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	
		2016	2015
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	
		2016	2015	2016	2015
		DKK'000	DKK'000	DKK'000	DKK'000
14	**PROVISION FOR DEFERRED TAX:**				
	Provision for deferred tax at 1 January 2016	2.964	3.230	0	0
	Provision in year	-367	-266	0	0
		2.597	2.964	0	0

NOTES TO THE FINANCIAL STATEMENTS, continued

Note

15 PROVISION IN REGARD OF DEFICIENCY IN SUBIDIARIES

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 128,330 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 12,336 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	2016	2015	2016	2015
Interest swap....	< 1 year	15.000	15.000	-136	-173
Interest swap....	> 1 year	20.000	20.000	-179	-139

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 20,982 DKK'000 exclusive of VAT.

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
		2016
22	**CHANGE IN WORKING CAPITAL:**	DKK'000
	Change in inventories	-781
	Change in trade receivables	-9.976
	Change in receivables from group companies	4.429
	Change in other receivables	-1.122
	Change in prepayments	1.832
	Change in trade creditors	5.166
	Change in other payables	3.820
	Change in provisions	140
	CARRYING AMOUNT AT 31 DECEMBER:	3.508

Note		Group company
		2016
23	**CASH AND CASH EQUIVALENTS AT YEAR-END:**	DKK'000
	Cash and cash equivalents, year-end	41.240
	Bank debt, year-end	-17.465
	CARRYING AMOUNT AT 31 DECEMBER:	23.775