
LM WP Patent Holding A/S

Jupitervej 6, DK-6000 Kolding

Annual Report for 1 January - 31 December 2017

CVR No 34 61 91 90

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

Peder Toft Nielsen
Chairman of the General
Meeting



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Management's Statement

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

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Kolding, 7 July 2018

Executive Board

Hanif Mashal
Executive Officer

Board of Directors

Duncan Gee Berry
Chairman

Hanif Mashal

Rodrigo Carneiro da Cunha
Torres

Independent Auditor's Report

To the shareholder of LM WP Patent Holding A/S

Opinion

We have audited the financial statements of LM Wind Power A/S for the financial year 1 January - 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the

Independent Auditor's Report

audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for the Management's review.

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

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

Independent Auditor's Report

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

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

Aarhus, 7 July 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Henrik O. Larsen
State Authorised Public Accountant
mne15839

Michael Stenskrog
State Authorised Public Accountant
mne26819

Company Information

The Company

LM WP Patent Holding A/S
Jupitervej 6
DK-6000 Kolding

CVR No: 34 61 91 90
Financial period: 1 January - 31 December
Incorporated: 18 July 2012
Municipality of reg. office: Kolding

Board of Directors

Duncan Gee Berry, Chairman
Hanif Mashal
Rodrigo Carneiro da Cunha Torres

Executive Board

Hanif Mashal

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2017 TDKK	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK
Key figures					
Profit/loss					
Operating profit/loss	7.258	64.915	51.447	29.949	-76.934
Profit/loss before financial income and expenses	-59.639	64.915	51.447	29.949	-76.934
Net financials	104.595	6.262	-1.475	1.634	694
Net profit/loss for the year	39.073	50.716	32.999	20.696	-87.113
Balance sheet					
Balance sheet total	922.464	624.796	536.781	444.119	378.883
Equity	792.179	440.714	389.998	356.999	336.303
Number of employees	3	2	2	2	2
Ratios					
Return on assets	-6,5%	10,4%	9,6%	6,7%	-20,3%
Solvency ratio	85,9%	70,5%	72,7%	80,4%	88,8%
Return on equity	6,3%	12,2%	8,8%	6,0%	-22,9%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

In 2017, the Company's main activity has changed from owning and possessing exclusive rights and patents to holding shares in subsidiaries holding exclusive rights and patents. In addition, the company provides services related to controlling patents and similar rights.

Development in the year

The income statement of the Company for 2017 shows a profit of TDKK 39,073, and at 31 December 2017 the balance sheet of the Company shows equity of TDKK 792,179.

The past year and follow-up on development expectations from last year

The profit for 2017 relates primarily to sale of a newly established subsidiary. This was not expected when preparing last year Financial Statements.

Special risks - operating risks and financial risks

Operating risks

The Company is not subject to any special risks, operating risks or financial risks.

Targets and expectations for the year ahead

For 2018, Management expect a small profit originating from the service activities.

Research and development

The company has no research and development activities.

External environment

Management finds that the company activities does not materially impact the external environment.

Intellectual capital resources

As part of the Company activities are to provide services related to the patent portfolio in affiliated entities within the LM Wind Power Group, it is essential that the company can recruit and retain highly qualified personnel, particularly within relevant disciplines related to controlling the patents.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Management's Review

Unusual events

The financial position at 31 December 2017 of the Company and the results of the activities of the Company for the financial year for 2017 are affected by the transfer of the Company activities to two new subsidiaries and the subsequent sale of one of the two subsidiaries.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2017 TDKK	2016 TDKK
Gross profit/loss		9.835	94.669
Staff expenses	1	-2.577	-1.901
Amortisation and impairment of intangible assets		0	-27.853
Other operating expenses		-66.897	0
Profit/loss before financial income and expenses		-59.639	64.915
Income from investments in subsidiaries		102.671	0
Financial income	2	5.539	11.767
Financial expenses	3	-3.615	-5.505
Profit/loss before tax		44.956	71.177
Tax on profit/loss for the year	4	-5.883	-20.461
Net profit/loss for the year		39.073	50.716

Balance Sheet 31 December

Assets

	Note	2017 TDKK	2016 TDKK
Acquired patents		0	264.000
Intangible assets	5	0	264.000
Investments in subsidiaries	6	211.980	0
Fixed asset investments		211.980	0
Fixed assets		211.980	264.000
Receivables from group enterprises		710.433	360.062
Deferred tax asset	7	51	0
Prepayments	8	0	734
Receivables		710.484	360.796
Currents assets		710.484	360.796
Assets		922.464	624.796

Balance Sheet 31 December

Liabilities and equity

	Note	2017 TDKK	2016 TDKK
Share capital		14.927	14.877
Retained earnings		777.252	425.837
Equity		792.179	440.714
Provision for deferred tax	7	0	8.794
Other provisions	9	14.579	0
Provisions		14.579	8.794
Trade payables		655	866
Payables to group enterprises		111.865	154.582
Corporation tax		2.561	19.302
Other payables		625	538
Short-term debt		115.706	175.288
Debt		115.706	175.288
Liabilities and equity		922.464	624.796
Distribution of profit	10		
Contingent liabilities	11		
Related parties	12		
Accounting Policies	13		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	14.877	425.837	440.714
Capital increase	50	312.342	312.392
Net profit/loss for the year	0	39.073	39.073
Equity at 31 December	14.927	777.252	792.179

Notes to the Financial Statements

	2017 <u>TDKK</u>	2016 <u>TDKK</u>
1 Staff expenses		
Wages and salaries	2.417	1.771
Pensions	141	119
Other social security expenses	18	11
Other staff expenses	<u>1</u>	<u>0</u>
	<u>2.577</u>	<u>1.901</u>
Average number of employees	<u>3</u>	<u>2</u>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
2 Financial income		
Interest received from group enterprises	5.459	11.761
Exchange adjustments	<u>80</u>	<u>6</u>
	<u>5.539</u>	<u>11.767</u>
3 Financial expenses		
Interest paid to group enterprises	1.187	5.485
Other financial expenses	<u>2.428</u>	<u>20</u>
	<u>3.615</u>	<u>5.505</u>
4 Tax on profit/loss for the year		
Current tax for the year	2.561	19.302
Deferred tax for the year	-8.845	794
Adjustment of tax concerning previous years	<u>12.167</u>	<u>365</u>
	<u>5.883</u>	<u>20.461</u>

Notes to the Financial Statements

5 Intangible assets

	Acquired pa- tents
	<u>TDKK</u>
Cost at 1 January	492.662
Disposals for the year	<u>-492.662</u>
Cost at 31 December	<u>0</u>
Impairment losses and amortisation at 1 January	228.662
Reversal for the year of previous years' impairment losses	<u>-228.662</u>
Impairment losses and amortisation at 31 December	<u>0</u>
Carrying amount at 31 December	<u>0</u>

6 Investments in subsidiaries

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
Additions for the year	509.496	0
Disposals for the year	<u>-297.516</u>	<u>0</u>
Carrying amount at 31 December	<u>211.980</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
LM Wind Power International Technology II ApS	Kolding	50	100%	175.183	-36.797

Notes to the Financial Statements

	2017 <u>TDKK</u>	2016 <u>TDKK</u>
7 Deferred tax asset		
Deferred tax at 1 January	-8.794	-8.000
Amounts recognised in the income statement for the year	<u>8.845</u>	<u>-794</u>
Deferred tax asset (Deferred tax) at 31 December	<u>51</u>	<u>-8.794</u>

The deferred tax asset relates to a timing variance that will be realized in 2018.

8 Prepayments

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

9 Other provisions

Other provisions relate to tax inquiries. Management has made an assessment of the outcome and provided for this.

Other provisions	<u>14.579</u>	<u>0</u>
	<u>14.579</u>	<u>0</u>

10 Distribution of profit

Retained earnings	<u>39.073</u>	<u>50.716</u>
	<u>39.073</u>	<u>50.716</u>

11 Contingent liabilities

Contingent liabilities

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

Notes to the Financial Statements

12 Related parties

Basis

Controlling interest

LM WIND POWER A/S, Jupitervej 6, 6000 Kolding Holds 100% of the capital

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. All transactions have been made on an arm's length basis.

Consolidated Financial Statements

The entity is included in the Consolidated Financial Statements of

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

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

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

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of LM WP Patent Holding A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in TDKK.

Consolidated financial statements

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

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of General Electric Company, the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

Notes to the Financial Statements

13 Accounting Policies (continued)

Translation policies

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

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

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

Income Statement

Gross profit/loss

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

Revenue

Revenue, which consists of revenue from license agreements, is measured at fair value of the agreed consideration exclusive of VAT and net of discounts relating to sale.

Revenue recognition occurs when delivery and transfer of risk to the buyer have taken place according to the agreements and the income may be measured reliable and is expected to be received.

Other external expenses

Other external expenses comprise office expenses, etc.

Staff expenses

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

Amortisation and impairment losses

Amortisation and impairment losses comprise amortisation and impairment of intangible assets.

Notes to the Financial Statements

13 Accounting Policies (continued)

Other operating expenses

Other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 15 years.

Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

13 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

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

Prepayments

Prepayments comprises of costs incurred concerning subsequent financial years.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Notes to the Financial Statements

13 Accounting Policies (continued)

Debts

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

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$