BEIERHOLM
VI SKABER BALANCE

Global Castings Holding A/S

Smed Hansens Vej 27, 6940 Lem

CVR no. 35 48 67 04

Annual report for 2017

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 31.05.18

Klaus Andersen
Dirigent

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Company information etc.

The company

Global Castings Holding A/S
Smed Hansens Vej 27
6940 Lem
Registered office: Lem
CVR no.: 35 48 67 04
Financial year: 01.01 - 31.12

Executive board

Stefan Brandt, CEO
Michael Engelen, CFO
Peter Christian Pallishøj, COO

Board Of Directors

Jürgen Max Leuze, chairman
Stefan Christof Leuze
Thomas Rudolf Johannes Robl

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Parent company

Global Castings A/S, Lem

Company information etc.

Subsidiaries

Global Castings Lem A/S, Lem
Global Castings Guldsmedshyttan AB, Sweden
Global Castings Kristiansand AS, Norway
Global Castings Magdeburg GmbH, Germany
Global Castings Germany GmbH, Germany
Global Castings Stade GmbH, Germany
Global Castings (Xuzhou) Co. Ltd., China
Global Castings (Tianjin) Co, Ltd., China

Management's statement

We have on this day presented the annual report for the financial year 01.01.17 - 31.12.17 for Global Castings Holding A/S.

The annual report is presented in accordance with Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.17 and of the results of the the company's activities for the financial year 01.01.17 - 31.12.17.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Lem, May 31, 2018

Executive Board

Stefan Brandt	Michael Engelen	Peter Christian Pallishøj

Board Of Directors

Jürgen Max Leuze Chairman	Stefan Christof Leuze	Thomas Rudolf Johannes Robl

Independent auditor's report

To the Shareholder of Global Castings Holding A/S

Opinion

We have audited the financial statements of Global Castings Holding A/S for the financial year 01.01.17 - 31.12.17, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies. The financial statements are prepared in accordance with 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 31.12.17 and of the results of the company's operations for the financial year 01.01.17 - 31.12.17 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the 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 financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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 financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 about 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 International Standards on Auditing 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 financial statements.

As part of an audit conducted in accordance with International Standards on Auditing 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 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.

Independent auditor's report

- 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.

Soeborg, Copenhagen, May 31, 2018

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Peter Nordahl
State Authorized Public Accountant
MNE-no. mne9208

FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2017	2016	2015	02.10.13 31.12.14
Profit/loss				
Revenue	509.942	513.698	961.221	947.983
Gross profit	37.811	29.764	52.932	15.175
Operating profit/loss	-7.939	-6.842	22.286	-8.110
Total net financials	49.044	31.337	25.429	1.051.516
Profit/loss for the year	34.009	20.505	42.136	1.044.061
Balance				
Total assets	802.034	943.338	1.456.271	1.241.554
Investments in property, plant and equipment	198	0	0	0
Equity	593.796	644.572	1.021.798	1.048.582

Ratios

	2017	2016	2015	02.10.13 31.12.14
Profitability				
Return on equity	5%	2%	4%	199%
Gross margin	7%	6%	6%	2%
Equity ratio				
Equity interest	74%	68%	70%	84%

Definition og key figures

Return on equity:	Profit/loss for the year x 100 / Average equity
Gross margin:	Gross result x 100 / Revenue
Equity interest:	Equity, end of year x 100 / Total assets

Primary activities

The company's main activities is to be the sales company for Global Castings factories in Europe. The company supports the subsidiaries with sales, marketing, quality, IT, insurance and PE activities.

The company is also the holding company for the companies in the Global Castings group and do not have its own production.

Development in activities and financial affairs

The income statement for the period 01.01.17 - 31.12.17 shows a profit of DKK'000 34,009 against DKK'000 20,505 for the period 01.01.16 - 31.12.16. The balance sheet shows equity of DKK'000 593,796.

The earnings expectations for 2017 were an increase of profit before tax. The objective was met.

Outlook

For 2018, the global capacity additions forecast looks positive with especially increasing capacity additions in China in 2018 after a 22% drop in 2017 according to MAKE. This will influence market demand for wind turbines positively. In this environment, Global Castings expects to increase its total sales and revenue, mainly driven by increasing sales of new products. Product innovation is generally now being paramount to the wind turbine industry. Turbine OEMs are under pressure to launch new turbine models faster and more frequently than in the past due to the increasing focus on LCOE and the grow-ing demand from the wind park developers for larger next-generation turbine models. Global Castings has started the group-wide Gale Force improvement program to anticipate and manage the future changes in a fast-paced environment. Overall, Global Castings expects an increase of its EBITDA in 2018.

For the long-term future, from 2018 to 2027, the market research institute MAKE expects a compounded annual growth rate (CAGR) of the global grid connected wind energy capacity of more than 8%; the annual capacity additions shall amount to 65 GW on average over the next 10 years. Global Castings intends to participate in this growth, which will be supported by the broadening of the customer account portfolio, the existing global footprint, the current expansions of own production capacity and the market tendency to larger wind turbines with higher casting intensity per MW. Cost-out expectations of the customers shall be met by continuous improvement and efficiency increases.

Special risks

Global Castings' business is exposed to several internal and external risks and uncertainties, among which the following:

• All wind turbine producers are facing an increased competition and wind parks are more often awarded by means of auctions. The resulting price pressure on wind turbines leads to cost-out measures requests from wind turbine producers towards their suppliers, like Global Castings.

• The world-wide wind turbine business is supported by subsidies, tax holidays and other public benefits and regulations, and thereby exposed to political and other changes in that area. The demand for wind turbines and subsequently for Global Castings' products can be significantly influenced by fluctuations in the public and political support.

• The US market is one of the largest markets for wind turbines in the Western world and big castings are often imported from China and other countries. A change of the energy or trade policy of the US government can have a significant impact on the wind turbine business and Global Castings' sales to the US.

• Vestas is still the main customer of Global Castings with a share in Global Cast-ings' revenue of more than 90%.

Global Castings manages these and other risks and uncertainties by several measures, among which (a) the utilization of Global Castings' global footprint in Europe and Asia and unique position as an integrated casting-, machining- and surface treatment provider to optimise market supply between the different continents, (b) continuous improvement activities at all facilities in order to increase efficiency and reduce the own cost basis, in particular with the new Gale Force program (c) broadening the customer base by expanding the business with new customers in order to achieve a more balanced customer portfolio and to reduce dependency and (d) closely monitoring the relevant markets and polit-ical situations in order to act and adjust proactively and quickly.

Global Castings maintains a pragmatic and efficient information and risk management system. The ERP system and IT platforms have been expanded and will be further developed during the coming years. Internal control measures are in place in all facilities and will be integrated into the existing ERP-system where possible. .

Corporate social responsibility

Global Castings Holding A/S has ethical rules regarding employees and external business partners. Global Castings Holding A/S respect the companies social responsibility (CSR) and support the principles for human rights, labour rights, the environment, anti-corruptions etc. according to the UN Guiding Principles on Business and Human Rights Global Castings Holding A/S truly believes in "safety first".

Target figure for the underrepresented gender

Target figures for the Board of Directors

At present, the company has no female board member, which is unchanged compared to last year. The Board of Directors has set a target figure of 33% for the underrepresented gender on the Board of Directors, corresponding to 1 out of 3 board members. The Board of Directors aims to achieve the target figure before the end of 2020.

Income statement

Note		2017 DKK '000	2016 DKK '000
	Revenue	**509.942**	**513.698**
	Other operating income	41.347	32.258
	Costs of raw materials and consumables	-485.218	-491.144
	Other external expenses	-28.260	-25.048
	Gross profit	**37.811**	**29.764**
1	Staff costs	-42.313	-33.782
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**-4.502**	**-4.018**
	Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-3.437	-2.824
	Profit/loss before net financials	**-7.939**	**-6.842**
2	Income from equity investments in group enterprises	45.579	29.092
3	Financial income	5.954	4.940
	Financial expenses	-2.489	-2.695
	Profit/loss before tax	**41.105**	**24.495**
	Tax on profit or loss for the year	735	2.107
	Other taxes	-7.831	-6.097
	Total tax	**-7.096**	**-3.990**
	Profit/loss for the year	**34.009**	**20.505**

4 Distribution of net profit

Balance sheet

ASSETS

Note		31.12.17 DKK '000	31.12.16 DKK '000
	Acquired rights	5.491	7.763
5	**Total intangible assets**	**5.491**	**7.763**
	Other fixtures and fittings, tools and equipment	132	0
	Property, plant and equipment under construction	478	198
6	**Total property, plant and equipment**	**610**	**198**
7	Equity investments in group enterprises	571.966	753.022
	Total investments	**571.966**	**753.022**
	Total non-current assets	**578.067**	**760.983**
	Raw materials and consumables	23.634	24.755
	Work in progress	3.081	0
	Manufactured goods and goods for resale	15.380	2.832
	Prepayments for goods	252	1.327
	Total inventories	**42.347**	**28.914**
	Trade receivables	7.601	3.090
	Receivables from group enterprises	132.667	122.092
11	Deferred tax asset	1.307	301
	Income tax receivable	4.066	4.337
8	Prepayments	3.209	1.490
9	**Total receivables**	**148.850**	**131.310**
	Cash	**32.770**	**22.131**
	Total current assets	**223.967**	**182.355**
	Total assets	**802.034**	**943.338**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.17 DKK '000	31.12.16 DKK '000
10	Contributed capital	1.000	1.000
	Reserve for net revaluation according to the equity method	359.948	579.476
	Retained earnings	5.648	11.596
	Proposed dividend for the financial year	227.200	52.500
	Total equity	**593.796**	**644.572**
	Payables to group enterprises	28.622	131.254
	Total long-term payables	**28.622**	**131.254**
	Trade payables	2.004	2.272
	Payables to group enterprises	160.859	147.511
	Other payables	16.753	17.729
	Total short-term payables	**179.616**	**167.512**
	Total payables	**208.238**	**298.766**
	Total equity and liabilities	**802.034**	**943.338**

12 Contingent liabilities
13 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.16 - 31.12.16					
Balance as at 01.01.16	1.000	650.766	0	370.032	1.021.798
Foreign currency translation adjustment of foreign enterprises	0	-22.543	-5.156	0	-27.699
Distributed dividend from group enterprises	0	-77.839	77.839	0	0
Dividend paid	0	0	0	-370.032	-370.032
Net profit/loss for the year	0	29.092	-61.087	52.500	20.505
Balance as at 31.12.16	1.000	579.476	11.596	52.500	644.572
Statement of changes in equity for 01.01.17 - 31.12.17					
Balance as at 01.01.17	1.000	579.476	11.596	52.500	644.572
Foreign currency translation adjustment of foreign enterprises	0	-32.285	0	0	-32.285
Capital reduction in group enterprises	0	-125.495	125.495	0	0
Distributed dividend from group enterprises	0	-457	457	0	0
Decided dividend from group enterprises	0	-106.870	106.870	0	0
Dividend paid	0	0	0	-52.500	-52.500
Net profit/loss for the year	0	45.579	-238.770	227.200	34.009
Balance as at 31.12.17	1.000	359.948	5.648	227.200	593.796

Notes

	2017 DKK '000	2016 DKK '000

1. Staff costs

	2017 DKK '000	2016 DKK '000
Wages and salaries	29.667	27.876
Pensions	1.637	1.610
Other social security costs	192	178
Other staff costs	10.817	4.118
Total	42.313	33.782
Average number of employees during the year	31	30

Remuneration for the management:

	2017 DKK '000	2016 DKK '000
Total remuneration for the Executive Board	4.404	3.871

2. Income from equity investments in group enterprises

	2017 DKK '000	2016 DKK '000
Income from equity investments in group enterprises	45.579	29.092

3. Financial income

	2017 DKK '000	2016 DKK '000
Interest, group enterprises	5.602	4.940
Foreign currency translation adjustments	352	0
Total	5.954	4.940

	2017 DKK '000	2016 DKK '000

4. Distribution of net profit

Reserve for net revaluation according to the equity method	45.579	29.092
Proposed dividend for the financial year	227.200	52.500
Retained earnings	-238.770	-61.087
Total	34.009	20.505

5. Intangible assets

Figures in DKK '000	Acquired rights
Cost as at 01.01.17	16.043
Additions during the year	1.099
Cost as at 31.12.17	17.142
Amortisation and impairment losses as at 01.01.17	-8.280
Amortisation during the year	-3.371
Amortisation and impairment losses as at 31.12.17	-11.651
Carrying amount as at 31.12.17	5.491

6. Property, plant and equipment

Figures in DKK '000	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Cost as at 01.01.17	0	198
Additions during the year	0	478
Transfers during the year to/from other items	198	-198
Cost as at 31.12.17	198	478
Depreciation during the year	-66	0
Depreciation and impairment losses as at 31.12.17	-66	0
Carrying amount as at 31.12.17	132	478

7. Equity investments in group enterprises

Figures in DKK '000	Equity investments in group enterprises
Cost as at 01.01.17	6.008
Cost as at 31.12.17	6.008
Revaluations as at 01.01.17	660.215
Foreign currency translation adjustment of foreign enterprises	-32.285
Capital reduction in group enterprises - Reversal of revaluations	-125.495
Net profit/loss from equity investments	45.579
Dividend relating to equity investments	-81.196
Revaluations as at 31.12.17	466.818
Negative equity value impaired in receivables	99.140
Depreciation and impairment losses as at 31.12.17	99.140
Carrying amount as at 31.12.17	571.966

Name and Registered office:	Ownership interest
Group enterprises:	
Global Castings Lem A/S, Lem	100%
Global Castings Guldsmedshyttan AB, Sweden	100%
Global Castings Kristiansand AS, Norway	100%
Global Castings Magdeburg GmbH, Germany	100%
Global Castings Germany GmbH, Germany	100%
Global Castings Stade GmbH, Germany	51%
Global Castings (Xuzhou) Co. Ltd., China	100%
Global Castings (Tianjin) Co, Ltd., China	100%

	31.12.17 DKK '000	31.12.16 DKK '000

8. Prepayments

Other prepayments	3.209	1.490
Total	3.209	1.490

9. Receivables

Receivables which fall due for payment more than 1 year after the end of the financial year	113.784	113.228

10. Share capital

The share capital consists of:

	Quantity	Nominal value
Share capital	1.000.000	1

11. Deferred tax

Deferred tax as at 01.01.17	301	-1.806
Deferred tax recognised in the income statement	1.006	2.107
Deferred tax as at 31.12.17	1.307	301

12. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of up to 16 months and a total lease payments of DKK 501k.

13. Related parties

Controlling influence:	Basis of influence
Global Castings A/S, Lem	Parent company
Global Castings GmbH & Co. KG, Germany	Intermediate parent company
VTC Industriebeteiligungen GmbH & Co. KG, Germany	Ultimate parent company

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Staff costs.

The company is included in the consolidated financial statements of the parent VTC Industriebeteiligungen GmbH & Co. KG, Germany.

14. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for large enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is a subsidiary of VTC Industriebeteiligungen GmbH & Co. KG, Germany, business registration number HBR188600, which prepares consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, 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 measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or

14. Accounting policies - continued -

expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of foreign subsidiaries which are independent entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity.

Translation adjustments of intercompany balances with independent foreign subsidiaries, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

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

INCOME STATEMENT

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

14. Accounting policies - continued -

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Acquired rights	5	0
Other plant, fixtures and fittings, tools and equipment	5	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

Income from equity investments in group entreprises

For equity investments in subsidiaries, measured using the equity method, the share of the enterprises’ profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and

14. Accounting policies - continued -

impairment losses.

Income from equity investments in subsidiaries comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

Other taxes

Other taxes comprises tax amounts that are calculated on a basis other than the income for the year.

BALANCE SHEET

Intangible assets

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

14. Accounting policies - continued -

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method, meaning that these equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the enterprises in question.

Equity investments in subsidiaries with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such

14. Accounting policies - continued -

enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised only to the extent that the company has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Gains or losses on the divestment of subsidiaries are determined as the difference between the divestment consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

14. Accounting policies - continued -

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are adopted before adoption of the annual report for Global Castings Holding A/S are not tied up in the revaluation reserve.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

14. Accounting policies - continued -

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.