

Danwind Service ApS

Havnen 23, 7620 Lemvig, Denmark

CVR no. 35 63 07 67

Annual report 2018

Approved at the Company's annual general meeting on 20 May 2019

Chairman:



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Jacob Berg Vendelbo





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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Danwind Service ApS for the financial year 1 January - 31 December 2018.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Lemvig, 20 May 2019
Executive Board:

A handwritten signature in blue ink, appearing to read 'Jacob B. Vendelbo', is written over a horizontal dotted line. The signature is stylized and cursive.

Jacob Berg Vendelbo

Independent auditor's report

To the shareholders of Danwind Service ApS

Opinion

We have audited the financial statements of Danwind Service ApS for the financial year 1 January - 31 December 2018, which comprise 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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibilities 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 as 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 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 the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the 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.

Independent auditor's report

- ▶ 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 note 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 the 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.

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.

Herning, 20 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Lene Thorgård Andersen
State Authorised Public Accountant
mne42790

Management's review**Company details**

Name	Danwind Service ApS
Address, Postal code, City	Havnen 23, 7620 Lemvig, Denmark
CVR no.	35 63 07 67
Established	6 January 2014
Registered office	Lemvig
Financial year	1 January - 31 December
Executive Board	Jacob Berg Vendelbo
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Industrivej Nord 9, 7400 Herning, Denmark

Management's review**Business review**

The company's main activity is selling wind turbine spare parts in China and for this purpose a subsidiary in China was established in 2015.

Financial review

The income statement for 2018 shows a profit of DKK 981,108 against a profit of DKK 665,128 last year, and the balance sheet at 31 December 2018 shows equity of DKK 2,202,454.

Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

Beside an increase by DKK 6.0 million of the security placed in assets, no events affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2018	2017
	Gross margin	461,155	38,386
2	Staff costs	0	0
	Profit before net financials	461,155	38,386
	Income from investments in group entities	659,216	752,329
	Financial income	0	52
3	Financial expenses	-44,332	-126,333
	Profit before tax	1,076,039	664,434
4	Tax for the year	-94,931	694
	Profit for the year	981,108	665,128
	Recommended appropriation of profit		
	Net revaluation reserve according to the equity method	644,492	667,587
	Retained earnings/accumulated loss	336,616	-2,459
		981,108	665,128

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	ASSETS		
	Non-current assets		
5	Financial assets		
	Investments in group entities, net asset value	2,236,242	1,591,750
	Deferred tax assets	0	4,401
		<u>2,236,242</u>	<u>1,596,151</u>
	Total non-current assets	<u>2,236,242</u>	<u>1,596,151</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	80,798	0
		<u>80,798</u>	<u>0</u>
	Receivables		
	Receivables from group entities	3,581,881	1,075,933
	Income taxes receivable	0	4,000
	Other receivables	17,131	226,183
		<u>3,599,012</u>	<u>1,306,116</u>
	Cash	6,909	3,740
	Total current assets	<u>3,686,719</u>	<u>1,309,856</u>
	TOTAL ASSETS	<u>5,922,961</u>	<u>2,906,007</u>
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	400,000	400,000
	Net revaluation reserve according to the equity method	1,491,242	846,750
	Retained earnings	311,212	-25,404
	Total equity	<u>2,202,454</u>	<u>1,221,346</u>
	Current liabilities		
	Trade payables	590	0
	Payables to associates	3,243,022	1,299,416
	Income taxes payable	88,530	0
	Other payables	388,365	385,245
	Total current liabilities	<u>3,720,507</u>	<u>1,684,661</u>
	Total liabilities	<u>3,720,507</u>	<u>1,684,661</u>
	TOTAL EQUITY AND LIABILITIES	<u>5,922,961</u>	<u>2,906,007</u>

1 Accounting policies

7 Contractual obligations and contingencies, etc.

8 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2017	400,000	179,163	-22,945	556,218
Transfer through appropriation of profit	0	667,587	-2,459	665,128
Equity at 1 January 2018	400,000	846,750	-25,404	1,221,346
Transfer through appropriation of profit	0	644,492	336,616	981,108
Equity at 31 December 2018	400,000	1,491,242	311,212	2,202,454

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Danwind Service ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non monetary items are translated at the exchange rate at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date. However, items derived from non monetary items are translated at historical exchange rates for the non monetary item.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates and exchange gains and losses.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Staff costs

The Company has no employees.

DKK	<u>2018</u>	<u>2017</u>
3 Financial expenses		
Interest expenses, group entities	28,807	27,241
Other financial expenses	<u>15,525</u>	<u>99,092</u>
	<u>44,332</u>	<u>126,333</u>
4 Tax for the year		
Estimated tax charge for the year	90,530	0
Deferred tax adjustments in the year	<u>4,401</u>	<u>-694</u>
	<u>94,931</u>	<u>-694</u>

5 Investments

DKK	<u>Investments in group entities, net asset value</u>
Cost at 1 January 2018	<u>745,000</u>
Cost at 31 December 2018	<u>745,000</u>
Value adjustments at 1 January 2018	846,750
Exchange adjustment	-14,724
Share of the profit/loss for the year	<u>659,216</u>
Value adjustments at 31 December 2018	<u>1,491,242</u>
Carrying amount at 31 December 2018	<u>2,236,242</u>

<u>Name</u>	<u>Domicile</u>	<u>Interest</u>
Subsidiaries		
Danwind Technology Service Co., Ltd.	Beijing (China)	100.00%

Financial statements 1 January - 31 December

Notes to the financial statements

6 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2018	2017	2016	2015	2014
Opening balance	400,000	400,000	400,000	400,000	0
Capital increase	0	0	0	0	400,000
	400,000	400,000	400,000	400,000	400,000

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company has provided joint and several suretyship for Danwind Spare Parts ApS' and Danwind Spareparts US ApS' balances with credit institutions.

8 Collateral

As security for the Company's debt to banks the Company has placed assets as security, worth a total of DKK 2.45 million. The total carrying amount of the assets having been put up as security is DKK 81 thousand.

In January 2019 the value of the security was increased by DKK 6.0 million.