

Danwind Service ApS

Havnen 23, 7620 Lemvig, Denmark


CVR no. 35 63 07 67



Annual report 2016

Approved at the annual general meeting of shareholders on 20 June 2017

Chairman:



.....
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 2016.

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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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 June 2017
Executive Board:

A handwritten signature in blue ink, reading 'Jacob Berg Vendelbo', is written over a dotted horizontal line. The signature is fluid 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 2016, which comprise an 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 2016 and of the results of the 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 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 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 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 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 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.
- ▶ 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.

Independent auditor's report

- ▶ 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 conclusion is 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 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 our procedures, 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.

Herring, 20 June 2017

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Niels J. Jørgensen
State Authorised Public Accountant



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

Management commentary

Business review

The company's main activity is selling wind turbine spare parts in China and for this purpose a subsidiary, which located in China has been established in 2015.

Financial review

The income statement for 2016 shows a profit of DKK 78,193 against DKK 145,279 last year, and the balance sheet at 31 December 2016 shows equity of DKK 556,218.

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

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The company expects a positive result in 2017.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	33,099	92,136
2	Staff costs	0	0
	Profit before net financials	33,099	92,136
	Income from investments in group entities	118,442	87,719
	Financial income	2,152	3,057
3	Financial expenses	-79,795	-19,302
	Profit before tax	73,898	163,610
4	Tax for the year	4,295	-18,331
	Profit for the year	<u>78,193</u>	<u>145,279</u>
	Recommended appropriation of profit		
	Net revaluation reserve according to the equity method	179,163	0
	Retained earnings/accumulated loss	-100,970	145,279
		<u>78,193</u>	<u>145,279</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	ASSETS		
	Non-current assets		
5	Financial assets		
	Investments in group entities, net asset value	924,163	830,304
	Other receivables	0	0
	Deferred tax assets	<u>3,707</u>	<u>0</u>
		<u>927,870</u>	<u>830,304</u>
	Total non-current assets	<u>927,870</u>	<u>830,304</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	<u>0</u>	<u>45,361</u>
		<u>0</u>	<u>45,361</u>
	Receivables		
	Trade receivables	0	151,819
	Receivables from group entities	2,223,629	994,266
	Other receivables	<u>317,931</u>	<u>161,000</u>
		<u>2,541,560</u>	<u>1,307,085</u>
	Cash	<u>1,004,063</u>	<u>170,826</u>
	Total Current assets	<u>3,545,623</u>	<u>1,523,272</u>
	TOTAL ASSETS	<u><u>4,473,493</u></u>	<u><u>2,353,576</u></u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	400,000	400,000
	Net revaluation reserve according to the equity method	179,163	0
	Retained earnings	-22,945	78,025
	Total equity	<u>556,218</u>	<u>478,025</u>
	Current liabilities		
	Payables to associates	3,904,275	1,100,231
	Income taxes payable	0	17,320
	Other payables	13,000	758,000
	Total current liabilities	<u>3,917,275</u>	<u>1,875,551</u>
	Total liabilities	<u>3,917,275</u>	<u>1,875,551</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>4,473,493</u></u>	<u><u>2,353,576</u></u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Collateral

Financial statements for the period 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 2016	400,000	0	78,025	478,025
Transfer through appropriation of profit	0	179,163	-100,970	78,193
Equity at 31 December 2016	400,000	179,163	-22,945	556,218

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Danwind Service ApS for 2016 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.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

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

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, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income 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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 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.

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

Receivables

Receivables are measured at amortised cost.

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 for the period 1 January - 31 December

Notes to the financial statements

2 Staff costs

The Company has no employees.

DKK	2016	2015
3 Financial expenses		
Interest expenses, group entities	38,729	0
Other financial expenses	41,066	19,302
	<u>79,795</u>	<u>19,302</u>
4 Tax for the year		
Estimated tax charge for the year	0	17,320
Deferred tax adjustments in the year	-3,707	1,011
Tax adjustments, prior years	-588	0
	<u>-4,295</u>	<u>18,331</u>

5 Investments

DKK	Investments in group entities, net asset value	Other receivables	Total
Cost at 1 January 2016	745,000	19,400	764,400
Disposals in the year	0	-19,400	-19,400
Cost at 31 December 2016	<u>745,000</u>	<u>0</u>	<u>745,000</u>
Value adjustments at 1 January 2016	85,304	-19,400	65,904
Exchange adjustment	-24,583	0	-24,583
Share of the profit/loss for the year	118,442	0	118,442
Reversals of impairment losses on assets disposed	0	19,400	19,400
Value adjustments at 31 December 2016	<u>179,163</u>	<u>0</u>	<u>179,163</u>
Carrying amount at 31 December 2016	<u>924,163</u>	<u>0</u>	<u>924,163</u>

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Share capital

Analysis of changes in the share capital over the past 3 years:

DKK	2016	2015	2014
Opening balance	400,000	400,000	0
Capital increase	0	0	400,000
	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

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 a bankaccount of DKK 154 thousand as security.

As security for the Company's debt to banks the Company has placed assets as security, worth a total of DKK 6.45 million. The total carrying amount of the assets having been put up as security is DKK 2,196 thousand.