
EDF EN Osterild ApS

c/o Bruno Kold Larsen, Vestervang 9, 6. 61., DK-
8000 Aarhus C

Annual Report for 1 January - 31 December 2017

CVR No 36 08 59 83

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
15/6 2018

Michel Benoit
Chairman

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	7
Balance Sheet 31 December	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of EDF EN Osterild ApS 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.

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

Aarhus, 12 June 2018

Executive Board

Béatrice Sophie Aude Daine-Aleth
Marie Françoise Buffon
Executive Officer

Board of Directors

Denis Jean-Pierre Rouhier
Chairman

Béatrice Sophie Aude Daine-
Aleth Marie Françoise Buffon

Stéphane Bernard Debruyne

Independent Auditor's Report

To the Shareholder of EDF EN Osterild ApS

Report on the Financial Statements

Opinion

We have audited the financial statements of EDF EN Osterild ApS for the financial year 1 January - 31 December 2017, comprising income statement, balance sheet 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1 to the financial statements illustrating that the valuation of the Company's wind turbine is subject to major uncertainty.

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 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 deci-

Independent Auditor's Report

sions 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 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.
- 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 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.

Independent Auditor's Report

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 Financials 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 Statements Act. We did not identify any material misstatement of the Management's Review.

Reporting on other legal and regulatory requirements

Without modifying our opinion, we point out that the Company's Management failed to convene a general meeting no later than six months after it was established that the Company had lost more than half of its capital, see section 119 of the Danish Companies Act. Accordingly, Management is to account for the Company's financial position and, if necessary, propose relevant measures that should be taken. Management may be held liable in this respect.

Aarhus, 12 June 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Michael Stenskrog

State Authorised Public Accountant

mne26819

Company Information

The Company

EDF EN Osterild ApS
c/o Bruno Kold Larsen
Vestervang 9, 6. 61.
DK-8000 Aarhus C

CVR No: 36 08 59 83

Financial period: 1 January - 31 December

Municipality of reg. office: Aarhus

Board of Directors

Denis Jean-Pierre Rouhier, Chairman
Béatrice Sophie Aude Daine-Aleth Marie Françoise Buffon
Stéphane Bernard Debruyne

Executive Board

Béatrice Sophie Aude Daine-Aleth Marie Françoise Buffon

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's Review

Key activities

The company's purpose is to own and administer a test wind turbine project and other related business.

Development in the year

The income statement of the Company for 2017 shows a loss of DKK 15,421,056, and at 31 December 2017 the balance sheet of the Company shows negative equity of DKK 28,801,569.

At the end of 2017 the Company has lost more than half of its equity. The equity is expected to be restored through debt conversion and future earnings.

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

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Gross profit/loss		2.509.228	-2.447.870
Depreciation and impairment of intangible assets and property, plant and equipment		<u>-16.602.308</u>	<u>-5.190.000</u>
Loss before financial income and expenses		-14.093.080	-7.637.870
Financial expenses	3	<u>-1.327.976</u>	<u>-846.283</u>
Loss before tax		-15.421.056	-8.484.153
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Net loss for the year		<u>-15.421.056</u>	<u>-8.484.153</u>

Distribution of profit

Proposed distribution of profit

Retained earnings		<u>-15.421.056</u>	<u>-8.484.153</u>
		<u>-15.421.056</u>	<u>-8.484.153</u>

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Other fixtures and fittings, tools and equipment		77.814.656	93.661.964
Property, plant and equipment		77.814.656	93.661.964
Deposits		3.375.000	3.375.000
Fixed asset investments		3.375.000	3.375.000
Fixed assets		81.189.656	97.036.964
Other receivables		5.256.867	1.481.007
Prepayments		122.830	118.758
Receivables		5.379.697	1.599.765
Cash at bank and in hand		1.129.799	7.334.230
Current assets		6.509.496	8.933.995
Assets		87.699.152	105.970.959

Balance Sheet 31 December

Liabilities and equity

	Note	2017 DKK	2016 DKK
Share capital		80.000	80.000
Retained earnings		-28.881.569	-13.460.513
Equity	4	-28.801.569	-13.380.513
Other provisions		11.947.853	11.192.853
Provisions		11.947.853	11.192.853
Trade payables		813.690	3.891.505
Payables to group enterprises		103.647.928	104.200.614
Other payables		91.250	66.500
Short-term debt		104.552.868	108.158.619
Debt		104.552.868	108.158.619
Liabilities and equity		87.699.152	105.970.959
Major uncertainty relating to recognition and measurement	1		
Going concern	2		
Contingent assets, liabilities and other financial obligations	5		
Related parties	6		
Accounting Policies	7		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	80.000	-13.460.513	-13.380.513
Net profit/loss for the year	0	-15.421.056	-15.421.056
Equity at 31 December	80.000	-28.881.569	-28.801.569

Notes to the Financial Statements

1 Major uncertainty relating to recognition and measurement

The valuation of the Company's wind turbine is subject to major uncertainty. The uncertainty is due to the non-existence of any final contractual framework for the scrap value of the wind turbine and other income. Accordingly, contracts are expected to be concluded which may generate revenue supporting the carrying amount of the wind turbine.

2 Going concern

The ultimate parent company has provided a letter of support to EDF EN Denmark A/S and EDF EN Osterild ApS effective until 31 December 2018, comprising existing balances and additional liquidity requirements with a cap of DKK 15 million.

At the end of 2017 the Company has lost more than half of its equity. The equity is expected to be restored through debt conversion and future earnings.

3 Financial expenses

	<u>2017</u> DKK	<u>2016</u> DKK
Interest paid to group enterprises	1.297.365	681.821
Other financial expenses	13.342	17.796
Exchange loss	<u>17.269</u>	<u>146.666</u>
	<u>1.327.976</u>	<u>846.283</u>

4 Equity

The share capital consists of 80,000 shares of a nominal value of DKK 1. No shares carry any special rights.

5 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has assumed rental obligations for a maximum term of 5 years and 8 months with an annual rental obligation of DKK 4,2 million. Total rental obligation of DKK 23,4 million.

The Company has entered into other service agreements totalling DKK 23 million at 31 December 2017, DKK 6,3 million of which falls due within 1 year. Total other service agreements of DKK 22,6 million.

Notes to the Financial Statements

6 Related parties

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

EDF EN DENMARK A/S

Consolidated Financial Statements

The Company is included in the Consolidated Annual Report of the Parent Company.

<u>Name</u>	<u>Place of registered office</u>
Electricité de France S.A.	Paris, Frankrig

EDF EN Osterild ApS is part of the consolidated financial statements of Electricité de France S.A., which is the smallest group in which the company is included as a subsidiary and may be obtained at the following address:

Electricité de France S.A.
22-30, avenue de Wagram
75008 Paris
France

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of EDF EN Osterild ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

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.

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

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

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

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are

Notes to the Financial Statements

7 Accounting Policies (continued)

recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Windmill	7 years
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Depreciation period and residual value are reassessed annually.

Investments

Deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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.

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 comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions comprise anticipated costs of re-establishment for the windmill. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Notes to the Financial Statements

7 Accounting Policies (continued)

Liabilities other than provisions

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