

# MWH AF 2015 APS

Annual Report for the period  
1 January – 31 December 2016  
(2<sup>nd</sup> financial year)

The Annual Report was presented and adopted at the Company's annual general meeting,  
held on 4. May 2017

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**John Korsø Jensen**  
Chairman of the meeting

## COMPANY INFORMATION

The Company:	MWH af 2015 ApS Staktoften 16 2950 Vedbæk
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Homepage:	<a href="http://www.multi-wing.com">www.multi-wing.com</a>
E-mail:	info@multi-wing.com
CVR-no.	36 96 68 90
Date of foundation:	29 April 2016
Registered office:	Rudersdal
Financial year:	1 January – 31 December
Board of Directors:	Jesper Bernhoft (chairman) Annette Bernhoft Andersen John Korsø Jensen
Board of Executives:	Daniel Williams
Audit:	MAZARS, statsautoriseret revisionspartnerselskab Østerfælled Torv 10, 2. sal 2100 København Ø

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## STATEMENT BY MANAGEMENT

The Board of Directors and Board of Executives have today presented and adopted the Annual Report of MWH af 2015 ApS for 2016.

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

In our opinion, the Consolidated Financial Statements and the Financial Statements gives a true and fair view of the Company's and Group's financial position at 31 December 2016 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2016.

In our opinion the management report contains a fair statement of the matters under review.

The Annual Report is submitted for adoption by the general meeting.

Vedbæk, 4 May 2017

**Board of Executives:**

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Daniel Williams

**Board of directors:**

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Jesper Bernhoft (Chairman)

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Annette Bernhoft Andersen

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John Korsø Jensen

## INDEPENDENT AUDITOR'S REPORTS

**To the shareholders of MWH af 2015 ApS**

### **Opinion**

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of MVH af 2015 ApS for the financial year 1 January – 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Group and the Parent 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 Consolidated Financial Statements and Parent Company Financial Statements" section of our report. We are independent of the Group 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.

### **Management's Responsibilities for the Consolidated Financial Statements and the Financial Statements**

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Consolidated Financial Statements and Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and Parent Company Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and Parent Company 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 these Consolidated Financial Statements and Parent Company Financial Statements. As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

## **INDEPENDENT AUDITOR'S REPORT, continued**

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Consolidated Financial Statements and Parent Company 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 Group's and the Parent 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 Consolidated Financial Statements and Parent Company 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information for the Group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the Group. We alone are responsible for our audit opinion. 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 Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

## **INDEPENDENT AUDITOR'S REPORT, continued**

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 Consolidated Financial Statements and Parent Company 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 Management's Review.

Copenhagen, 4 May 2017

**MAZARS**

statsautoriseret revisionspartnerselskab

CVR no. 31 06 17 41

**Kurt Christensen**

statsautoriseret revisor

(State-authorized public accountant)

## FINANCIAL HIGHLIGHTS AND RATIO'S FOR THE GROUP

	2016	2015	2014	2013	2012
	DKK million	DKK million	DKK million	DKK million	DKK million
<b>Income statement</b>					
Gross margin .....	132,2	129,5	130,0	123,7	105,2
Operating result .....	40,8	41,7	50,7	41,2	39,2
Financials, net.....	-1,7	-5,9	-7,7	-8,9	-7,7
Profit / loss for the year .....	20,0	17,4	21,1	15,5	19,5
<b>Balance sheet</b>					
Investment in property, plant and equipment	33,6	16,0	7,0	8,5	6,3
Total balance .....	274,2	247,3	255,1	218,3	201,7
Equity .....	104,1	85,4	78,3	55,6	★
<b>Ratios in %</b>					
Return on invested capital .....	29,6%	36,8 %	49,3 %	42,0 %	39,5 %
Return on equity .....	21,1%	21,2 %	31,5 %	27,9 %	★

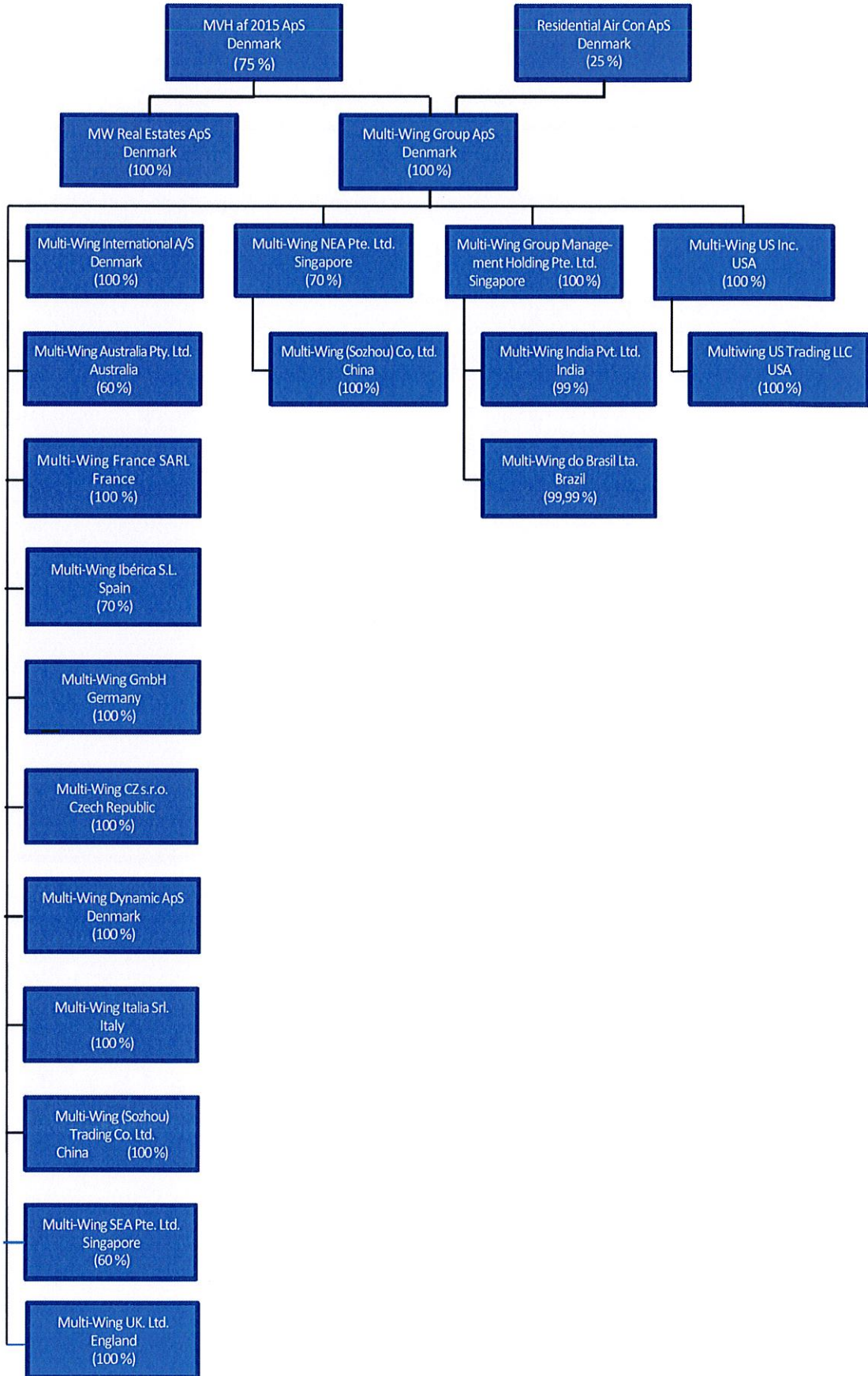
For definition, see section on accounting policies.

- ★) Following the foundation of the group structure the majority of financial highlights and ratios are based on existing group financial statements in Multi-Wing Group ApS.

Equity has only been restated for 2013 and 2015 and consequently return on equity is also restated for those two years.



# GROUP CHART



## MANAGEMENT REVIEW

### **Main activity**

The Groups principal activity is to develop, produce and sell axial impellers for industrial purposes.

The impellers are sold globally.

### **Developments in the financial year**

Income statement items comprise the Group operations for the period 1 January – 31 December 2016. 2016 was a challenging year for the Group. All mature markets experienced decline in sales, and especially the customers within construction machinery had a negative development in their purchases.

The new emerging markets, India in particular, contributed to counter the effect from the mature markets, making 2016 a satisfying year however without reaching the expectations in the budget of the year. Due to efficient procurement processes, strict cost control and a more efficient financial structure, the Group manages to improve earnings despite the negative sales development.

The Group finished two major projects in 2016. The global roll out of a new ERP system required many resources but now the IT infrastructure of the Group is updated and huge improvement in the financial reporting and communication with stakeholders is expected. Furthermore a new modern factory was opened in China, and furthermore a new wind tunnel was constructed adding to the R & D resources and capabilities of the Group.

As part of the strategic consolidation of the Group a long planned acquisition of Multi-Wing UK was made in later part of the year. The acquisition was well planned and besides getting connected to the IT-platform of the Group, the integration is expected to be seamless.

During 2016 MVH af 2015 ApS also founded a new subsidiary to focus on real estate investments.

### **Special risks**

#### ***Price risks***

The impeller components are cast in aluminium and engineering thermoplastics, respectively. Both markets are relatively volatile and are especially sensitive to increasing oil prices and, to some extent, the development of the USD exchange rate.

#### ***Currency and interest-rate risks***

Since the Group is increasingly doing business in foreign currencies, it assumes a growing currency risk. The risk is limited to the share of deals made with companies outside Europe.

The Group's interest-rate risks are limited.

#### ***Knowledge resources***

The Group consistently focuses on having a highly skilled workforce in order to be at the forefront of the latest technologies in its core competency areas. The Groups main objective is to work with innovative approaches that will improve and streamline the Groups interaction with customers.

#### ***Research and development activities***

The Group has ongoing development projects which are derived from expectations of future demand as well as the potential development of the technology involved.

#### ***Environmental conditions***

The Group's environmental impact is assessed to be minimal, since there are no associated production activities.

## **MANAGEMENT REVIEW, continued**

### **Recognition and measurement uncertainties**

No recognition and measurement uncertainties exist.

### **Unusual matters**

No unusual matters have affected the Financial Statements for 2016.

### **Outlook**

The outlook for 2017 is that the mature markets will be in recovery in the first half of the year, we expect especially the North American and the German market to be in improvement. Earnings will be affected by significant increases in raw materials. Moderate risk hedging will reduce the effect of these increases.

Growth in the emerging markets India and South America is expected.

It is expected that in 2017 the Group will continue to participate in various development projects with large global customers. It will be a resource-consuming process, but will also involve a significant opportunity for close and long-lasting cooperation. These development projects are subject to great risk because it cannot be predicted with any certainty if and when they will come into actual production. This depends on many factors, not least whether the final applications can meet the new US and EU standards.

2017 is a consolidation year for the Group where focus will be apart from the ongoing business development on implementation of the new ERP system and utilising the new R & D facility in China. Significant reduction of the Group debt is expected. The major new investment will be the conclusion of a new assembly factory in India, significantly increasing the Groups capacity in India.

### **Events after the reporting period**

No events have occurred which could significantly affect the Group's financial position.

## ACCOUNTING POLICIES

The Annual Report of MWH af 2015 ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) governing reporting class C (medium size).

The accounting policies remain unchanged compared with last year.

### **Basis of recognition and measurement**

Income is recognised in the income statement as it is earned, including adjustments to the value of financial assets and liabilities. All expenses, including depreciation, amortisation and impairment losses, 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 reliably measured.

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

On initial recognition assets and liabilities are measured at cost and subsequently as described for each item below.

Some financial activities and engagements are measured to amortised cost, where there for the term are measured a constant efficient interest rate. Amortised cost is determined as original cost with deduction of possible repayments as well as addition / deduction of the accumulated amortisation of the difference between cost and nominal amounts.

With recognition and measurement predictable loss and risk which occur before the Annual Report is presented are taken into consideration and which confirm or deny conditions which exist on the balance sheet date.

### **Consolidated Financial Statements**

The Consolidated Financial Statements include the Parent Company MWH af 2015 ApS and its subsidiaries.

The Consolidated Financial Statements are prepared by combining items of a uniform nature. On consolidation inter-company revenue and expenses, intra-group balances and dividends, and any realised and unrealised gains and losses on transactions between the Consolidated Companies are eliminated.

Newly acquired or newly established companies are recognised in the Consolidated Financial Statements as from the date of acquisition. Enterprises sold are included in the consolidated income statement until the date of disposal.

Comparative figures for newly acquired or divested companies are not corrected.

On acquisition of new enterprises the acquisition method is applied, according to which the identifiable assets and liabilities are measured at fair value at the time of acquisition.

Positive differences (goodwill) between cost and fair value of acquired identifiable assets and liabilities are recognised under intangible assets and amortised systematically on an individual assessment of the economic life not exceeding 20 years. When deciding the economic life it is taken into consideration that the majority of the Company's products are part of long-term development projects and used in machinery and equipment with a long lifetime of the individual model, often leading to a lifetime exceeding 5 years.

Gains and losses on disposal of subsidiaries are calculated as the difference between selling price and carrying amount of net assets at the time of disposal and expected costs of sale.

Group acquisitions, where both companies are under common control are recognised in accordance with the method of "pooling of interest", where after recognised assets and liabilities are aggregated with no fair value re-valuation. The acquired companies are recognised in the financial statements and group financial statements as if the companies had been merged from the earliest period which is presented in the accounts.

## **ACCOUNTING POLICIES, continued**

### **Minority interest**

Subsidiaries' financial statement items are recognised in full in the Consolidated Financial Statements. Minority interest' pro rata shares of profit / loss forms part of the Group's profit / loss and is a separate element of the Group's equity.

### **Reporting currency**

The Annual Report is presented in Danish kroner.

### **Translation adjustments**

Foreign currency transactions are adjusted applying the rate of exchange applicable at the date of transaction.

Receivables, payables and other monetary items denominated in foreign currencies, which have not been settled by the balance sheet date, are translated applying the rate of exchange applicable at the balance sheet date.

Property, plant and equipment purchased in foreign currencies is translated using the exchange rate applicable at the date of transaction.

## **THE INCOME STATEMENT**

### **Gross margin**

With reference to section 32 of the Danish Financial Statements Act, the items "Net revenue" to and including "Other external expenses" are consolidated into one item designated "Gross margin".

### **Revenue**

Revenue is recognised in the income statement, provided that the products and services have been delivered and the risk has passed to the buyer before the end of the year.

Revenue is recognised exclusive of VAT and less sales discount.

### **Other external costs**

Other external costs include expenses related to distribution, sale, advertising, administration, premises, losses on receivables, lease payments under operating leases etc.

### **Other operating income / costs**

Other operating income / costs comprise items of secondary nature in relation to the Company's core business.

### **Staff costs**

Staff costs consist of wages and salaries, including holiday pay and pensions and other costs to social security to the Company's employees. There is deducted received compensation from public authority in staff costs.

### **Result of investments in group enterprises**

In the income statement the proportionate share of the individual group enterprises result after tax are recognised.

### **Items under financial income and expenses**

Financial income and cost are recognised in the income statement with those amounts, which concerns the financial year. Items under financial income and expenses consists of interest income and costs, financial cost with financial leasing, realised and unrealised capital gain and loss concerning transactions in foreign currency, additions and compensations under the tax prepayment scheme etc.

## ACCOUNTING POLICIES, continued

### THE INCOME STATEMENT, continued

#### Tax on result of the year

Tax of the year, which contains the actual tax of the year and the displacement in deferred tax, are recognised in the income statement with the part which can attribute to the result of the year and directly in the equity with the part which can attribute to entries directly on the equity.

The Company is jointly taxed with other Danish companies in the MWH af 2015. The Danish income tax is allocated between the jointly taxed Danish companies in proportion to their taxable income. The jointly taxed companies are taxed under the advance payment tax scheme.

### BALANCE SHEET

#### Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of management experience within the individual business areas. Goodwill is amortised over the amortisation period, not exceeding 20 years, and based on an individual judgement of the companies market position and earning profile.

The carrying value of goodwill is assessed currently and written down to recoverable amount through the income statement if the carrying value exceeds the future net income from the enterprise or activity to which the goodwill is related.

Development costs incurred in development, patents and licenses, includes internal and external costs directly attributable to the Company's development and fulfilling criteria for recognition.

Capitalised development costs are measured at cost less accumulated depreciation and recoverable amount, whichever is lower.

#### Property, plant and equipment

Buildings, leasehold improvements, test stand and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Straight-line depreciation is made on property, plant and equipment following estimated useful lives as follows:

Development costs .....	5 years
Buildings .....	16 years
Leasehold improvements .....	3 years
Other fixtures and fittings, tools and equipment .....	3 - 5 years

Profits or losses from disposal of property, plant and equipment are stated as the difference between the selling prices less than selling costs and the carrying amount at the date of sale. Profits or losses are recognised in the income statement under depreciation.

## **ACCOUNTING POLICIES, continued**

### **BALANCE SHEET, continued**

#### **Financial assets**

Equity investments in group enterprises are recognised in the balance sheet to the proportionate share of the Company's equity method is made up from the Parent Company's accounting policies.

Group enterprises with a negative equity are recognised with zero kroner and any receivables with these companies are written down with the Parent Company's share of the negative equity value in that extent, it is estimated uncollectible. Provided that the negative value of equity exceed the receivable, the remaining amount will be recognised under provisions in that extent that the Parent Company has a legal or actual obligation to cover group enterprises negative balance.

Net revaluation of equity investments in group enterprises are transferred under equity to net revaluation reserve according to the equity method in that extent, that the carrying amount exceed the acquisition cost with deduction of amortisation of goodwill.

#### **Inventories**

Inventories are measured at cost on the basis of the FIFO method. Where cost exceeds the net realisable value, inventories are written down to the lower of these two values.

Cost for merchandise and raw materials and consumables used extends cost with addition of delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, direct labour and direct as well as indirect production costs.

Net realisable value of inventories is calculated as selling price less costs of completion, costs and expenses incurred in making the sale and are determined according to the convertible unit, obsolescence and development in expected sales.

#### **Receivables**

Receivables are measured at amortised cost, which usually corresponds to nominal value. Provisions for bad debts are made to meet expected losses at net realisable value.

#### **Prepayments**

Prepayments, recognised under assets or liabilities, cover costs paid respectively payments received for the ensuing years.

#### **Short-term investments**

Listed securities are recognised to market value on the balance sheet date.

#### **Equity**

The expected dividend payment for the year is shown as a separate item under equity. Dividends are recognised as a liability at the time of adoption by the General Assembly.

## **ACCOUNTING POLICIES, continued**

### **BALANCE SHEET, continued**

#### **Corporation tax and deferred tax**

Current tax and current tax receivable are recognised in the balance sheet as computed tax of taxable income for the financial year adjusted for tax of taxable income for previous years and paid account taxes.

Deferred tax is measured using the balance sheet liability method and all temporary difference between carrying amount and tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates, which are operative at the balance sheet date, if the deferred tax was expected to be released as current tax. Changes in deferred tax due to changes in the tax rate are measured in the income statement. For the present financial year a tax rate of 22.5 % has been applied for the Danish entities in the Group.

Total payable Danish company tax for the Group is showed in the Parent Company.

Deferred tax is only accrued for the Danish entities, when the deferred tax is incumbent on the jointly taxed companies.

#### **Financial liabilities**

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

#### **Derivative financial instruments**

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.



## ACCOUNTING POLICIES, continued

### CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company's cash flows are included in the Consolidated Cash Flow Statement.

#### Cash flow from operating activities

Cash flow from operating activities are calculated as the operating profit / loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

#### Cash flow from investing activities

Cash flow from investing activities comprises cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed assets investments.

#### Cash flow from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

#### Cash and cash equivalents

Cash and cash equivalents comprise "Cash and cash equivalents" and "Short-term investments" subtracted "Bank debt".

The cash flow statement cannot be immediately derived from the published financial records.

### RATIOS

Ratios have been calculated as:

<b>Return on invested capital</b>	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital exclusive of goodwill}}$
<b>Return on equity</b>	$\frac{\text{Profit / loss for the year} \times 100}{\text{Average equity including minority}}$

**INCOME STATEMENT FOR THE PERIOD  
1 JANUARY – 31 DECEMBER 2016**

	Note	Group		Parent	
		2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
<b>GROSS MARGIN:</b>		132.090	129.486	-179	-151
Other costs.....		-1.111	-291	0	0
Staff costs .....	1	-75.888	-75.226	-75	-75
		55.091	53.969	-254	-226
Depreciation .....	2	-14.452	-12.288	0	0
<b>OPERATING RESULT:</b>		40.639	41.681	-254	-226
Result from subsidiaries after tax .....	3	0	0	20.216	17.538
Financial income .....	4	4.800	8.081	134	0
Financial expenses.....	5	-6.323	-13.978	-215	0
<b>PROFIT BEFORE TAX:</b>		39.116	35.784	19.881	17.312
Tax on profit / loss for the year .....	6	-9.715	-9.483	83	53
<b>PROFIT FOR THE YEAR:</b>	7	29.401	26.301	19.964	17.365

## BALANCE SHEET AT 31 DECEMBER 2016

	Note	Group		Parent	
		2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
<b>ASSETS:</b>					
Completed development projects .....		9.864	10.342	0	0
Development projects under development .....		3.417	3.543	0	0
Goodwill.....		27.127	22.003	0	0
<b>Intangible assets</b>	8	40.408	35.888	0	0
Land and property .....		33.602	6.063	0	0
Leasehold improvements.....		1.785	62	0	0
Other fixtures and fittings, tools and equipment.....		27.123	28.088	0	0
<b>Property, plant and equipment</b>	9	62.510	34.213	0	0
Investment in subsidiaries .....	3	0	0	88.073	82.652
Deposits.....	10	1.661	1.293	0	0
<b>Financial fixed assets</b>		1.661	1.293	88.073	82.652
		<b>FIXED ASSETS:</b>	104.579	71.394	88.073
				82.652	
<b>Inventories</b> .....		36.711	35.930	0	0
Trade receivables.....		71.547	61.196	0	0
Receivables from group enterprises.....		0	0	7.438	6.455
Receivable company tax.....		2.977	3.259	3.430	0
Deferred tax asset .....	11	898	792	0	0
Other receivables .....		3.007	1.869	0	0
Prepayments .....	12	3.586	5.418	0	0
<b>Receivables</b>		82.015	72.534	10.868	6.455
<b>Short-term investments</b> .....		6.837	11.325	6.837	0
<b>Cash and cash equivalents</b> .....		44.093	56.122	1.732	2.808
		<b>CURRENT ASSETS:</b>	169.656	175.911	19.437
		<b>ASSETS:</b>	274.235	247.305	107.510
				91.915	

## BALANCE SHEET AT 31 DECEMBER 2016

	Note	Group		Parent	
		2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
<b>LIABILITIES AND EQUITY:</b>					
Share capital .....	13	125	125	125	125
Net revaluation under equity method .....		0	0	27.914	27.042
Retained profit .....		99.943	85.324	72.029	58.282
Proposed dividend for the financial year .....		4.000	0	4.000	0
Minority interest .....		48.759	45.189	0	0
<b>EQUITY:</b>		<u>152.827</u>	<u>130.638</u>	<u>104.068</u>	<u>85.449</u>
Deferred tax .....	14	2.603	2.964	0	0
Provision in regard of deficiency in subsidiaries .....		0	0	0	0
<b>PROVISIONS:</b>		<u>2.603</u>	<u>2.964</u>	<u>0</u>	<u>0</u>
Instrument of debt .....	15	36.899	35.297	0	0
<b>Long-term liabilities other than provisions</b>		<u>36.899</u>	<u>35.297</u>	<u>0</u>	<u>0</u>
Short-term part of long-term debt .....	15	15.773	15.162	0	0
Bank debt .....	15	17.579	29.315	0	0
Prepayments from customers .....		0	0	0	0
Trade creditors .....		21.591	16.123	94	73
Payables to group enterprises .....		0	0	0	4.429
Company tax .....		8.470	3.130	3.348	1.964
Other payables .....		18.493	14.676	0	0
<b>Short-term liabilities other than provisions</b>		<u>81.906</u>	<u>78.406</u>	<u>3.442</u>	<u>6.466</u>
<b>LIABILITIES OTHER THAN PROVISIONS:</b>		<u>118.805</u>	<u>113.703</u>	<u>3.442</u>	<u>6.466</u>
<b>LIABILITIES AND EQUITY:</b>		<u>274.235</u>	<u>247.305</u>	<u>107.510</u>	<u>91.915</u>
Assets charged and security .....	16				
Hedging instruments .....	17				
Contractual obligations .....	18				
Other contingent liabilities .....	19				
Related parties .....	20				

## STATEMENT OF CHANGES IN EQUITY FOR 2016

	Group		Parent	
	2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
<b>EQUITY:</b>				
Balance at 1 January .....	125	125	125	125
<b>Share capital</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>
Balance at 1 January .....	0	0	27.042	22.750
Retained earnings .....	0	0	20.216	17.538
Exchange rate adjustments, subsidiaries.....	0	0	-1.338	1.929
Adjustment, financial instruments .....	0	0	-6	-175
Dividends for the year .....	0	0	-18.000	-15.000
<b>Net revaluation under equity method</b>	<b>0</b>	<b>0</b>	<b>27.914</b>	<b>27.042</b>
Balance at 1 January .....	85.324	78.205	58.282	55.455
Retained earnings .....	15.963	17.365	-4.253	-173
Dividends from subsidiaries .....	0	0	18.000	15.000
Dividend for the year .....	0	-12.000	0	-12.000
Exchange rate adjustment, subsidiaries .....	-1.337	1.929	0	0
Adjustment, financial instruments .....	-7	-175	0	0
<b>Retained profit</b>	<b>99.943</b>	<b>85.324</b>	<b>72.029</b>	<b>58.282</b>
Balance at 1 January .....	0	0	0	0
Dividend paid .....	0	-12.000	0	-12.000
Dividends proposed for the year.....	4.000	12.000	4.000	12.000
<b>Dividends</b>	<b>4.000</b>	<b>0</b>	<b>4.000</b>	<b>0</b>
Balance at 1 January .....	45.189	40.386	0	0
Retained earnings .....	9.438	8.935	0	0
Dividend for the year .....	-4.946	-5.403	0	0
Exchange rate adjustment, subsidiaries .....	-920	1.271	0	0
Adjustment, financial instruments .....	-2	0	0	0
<b>Minority interests</b>	<b>48.759</b>	<b>45.189</b>	<b>0</b>	<b>0</b>
<b>EQUITY AT 31 DECEMBER:</b>	<b>152.827</b>	<b>130.638</b>	<b>104.068</b>	<b>85.449</b>

## CASH FLOW STATEMENT

	Note	2016 DKK'000	2015 DKK'000
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Operating profit .....		40.639	41.681
Depreciation for the year .....		14.452	12.288
Adjustments .....		-2.127	2.499
Tax .....		-4.560	-8.201
Change in working capital .....	21	-1.153	-3.558
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		<u>47.251</u>	<u>44.709</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of intangible assets .....		-4.222	-4.326
Purchase of property, plant and equipment .....		-36.690	-16.046
Addition, financial assets .....		-7.175	-518
Sale of property, plant and equipment .....		317	1.243
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		<u>-47.770</u>	<u>-19.647</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Repayment of debt instrument .....		-15.099	-106.667
New loans .....		17.306	60.000
Interest receivable .....		4.800	8.076
Interest payable .....		-6.323	-12.902
Minority interest, share of dividend .....		-4.946	-5.403
Dividends paid .....		0	-12.000
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		<u>-4.262</u>	<u>-68.896</u>
Changes in cash and cash equivalents .....		-4.781	-43.834
Cash and cash equivalents 1 January .....		38.132	81.966
<b>CASH AND CASH EQUIVALENTS, END OF YEAR:</b>	22	<u>33.351</u>	<u>38.132</u>

## NOTES TO THE FINANCIAL STATEMENTS

Note	Group		Parent	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
<b>1 STAFF COSTS:</b>				
Wages and salaries .....	64.752	66.087	75	75
Pension .....	5.475	4.735	0	0
Social security costs .....	6.427	6.173	0	0
Other staff costs .....	1.606	1.050	0	0
	78.260	78.045	75	75
Transferred to development projects .....	-2.372	-2.819	0	0
	75.888	75.226	75	75
Average number of employees .....	225	218	0	0
With reference to the Danish Financial Statements Act (Årsregnskabsloven) § 98 B, section 3 the Company has excluded information regarding Management's salary.				
	Group			
	2016	2015		
	DKK'000	DKK'000		
Salaries and wages to the executive and advisory board .....	630	630		
	Group		Parent	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
<b>2 DEPRECIATION:</b>				
Completed development projects .....	4.827	4.475	0	0
Goodwill .....	1.683	1.592	0	0
Property .....	911	572	0	0
Leasehold improvements .....	166	35	0	0
Other fixtures and fittings, tools and equipment .....	6.865	5.614	0	0
	14.452	12.288	0	0

## NOTES TO THE FINANCIAL STATEMENTS, continued

Note

### 3 INVESTMENT IN SUBSIDIARIES:

	<b>Parent</b>	<b>Parent</b>
	2016	2015
	DKK'000	DKK'000
Cost at 1 January .....	56.250	56.250
Additions .....	50	0
<b>Cost at 31 December</b>	<b>56.300</b>	<b>56.250</b>
Impairment at 1 January .....	26.402	22.111
Dividends paid .....	-13.500	-15.000
Profit for the year .....	20.216	17.538
Exchange rate, adjustment .....	-1.338	1.929
Adjustment, financial instruments.....	-7	-176
<b>Impairment at 31 December</b>	<b>31.773</b>	<b>26.402</b>
<b>CARRYING AMOUNT AT 31 DECEMBER:</b>	<b>88.073</b>	<b>82.652</b>
<b>Goodwill included</b>	<b>20.021</b>	<b>14.324</b>



## NOTES TO THE FINANCIAL STATEMENTS, continued

Note

### 3 INVESTMENT IN SUBSIDIARIES, continued:

Investment in subsidiaries are specified as follows (DKK'000):

	<i>Registered office</i>	<i>Owner- ship</i>	<i>Share capital</i>	<i>Equity</i>	<i>Profit for the year</i>
Multi-Wing Group ApS .....	Rudersdal Denmark	75 %	kDKK 125	117.683	27.273
Multi-Wing Real Estates ApS.....	Rudersdal Denmark	100%	kDKK 50	-189	-239
Multi-Wing International A/S.....	Rudersdal Denmark	75 %	kDKK 500	25.923	10.814
Multi-Wing Australia Pty., Ltd.....	Australia	45 %	kAUD 150	5.626	343
Multi-Wing France, SARL .....	France	75 %	kEUR 100	2.610	1.396
Multi-Wing (Suzhou) Co. Ltd. ....	China	52.5 %	kCNY 1.738	54.080	5.381
Multi-Wing Ibérica S.L. ....	Spain	52.9 %	kEUR 27	3.132	1.207
Multi-Wing GmbH.....	Germany	75 %	kEUR 25	2.181	251
Multi-Wing CZ s.r.o. ....	Czech Republic	75 %	kCZK 200	21.111	4.441
Wind Dynamic ApS .....	Rudersdal Denmark	75 %	kDKK 125	12	-5
Multi-Wing Italia Srl. ....	Italy	75 %	kEUR 100	13.395	2.589
Multi-Wing Suzhou Trading Co. Ltd.....	China	75 %	kCNY 2.040	2.311	-653
Multi-Wing SEA Pte. Ltd. ....	Singapore	45 %	SGD 100	89	646
Multi-Wing NEA Pte. Ltd.....	Singapore	52.5 %	SGD 100	-368	430
Multi-Wing GMH Pte. Ltd. ....	Singapore	74.9 %	SGD 100	-1.094	1.121
Multi-Wing India Pvt. Ltd .....	India	75 %	kINR 4,000	3.766	2.543
Multi-Wing Brazil Ltda. ....	Brazil	74.3 %	kBRL 745	-172	2.103
Multi-Wing US Inc.....	USA	75 %	USD 30	0	0
Multi-Wing UK Limited. ....	UK	75 %	TGBP 18	3.614	176

Subsidiaries listed in gray are subsidiaries of Multi-Wing Group ApS or other group entities. All entities are included by full consolidation in the Consolidated Financial Statements, since MWH af 2015 ApS, given the ownership structure, is holding the majority of the votes on the annual general meeting of each entity, and therefore, by fact, possess power of control.

## NOTES TO THE FINANCIAL STATEMENTS, continued

Note	Group		Parent	
	2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
<b>4 FINANCIAL INCOME:</b>				
Interest receivables from group enterprises.....	0	0	0	0
Exchange rate gains .....	3.678	6.973	8	0
Other financial income.....	1.122	1.108	126	0
	<u>4.800</u>	<u>8.081</u>	<u>134</u>	<u>0</u>
<b>5 FINANCIAL EXPENSES:</b>				
Interest payables to group enterprises .....	0	0	0	0
Exchange rate loss.....	3.603	8.839	139	0
Other financial expenses .....	2.720	5.139	76	0
	<u>6.323</u>	<u>13.978</u>	<u>215</u>	<u>0</u>
<b>6 TAX ON PROFIT / LOSS FOR THE YEAR:</b>				
Current tax for the year .....	-9.757	-9.283	0	0
Adjustment of tax from previous year.....	0	-426	0	0
Joint tax income to group enterprises.....	43	0	-83	53
Deferred tax adjustment .....	0	226	0	0
	<u>-9.715</u>	<u>-9.483</u>	<u>-83</u>	<u>53</u>
<b>7 PROPOSED APPROPRIATION OF PROFIT / LOSS:</b>				
Net revaluation under the equity method .....	0	0	20.216	17.538
Dividend for the year .....	4.000	0	4.000	0
Retained profit / loss .....	15.963	17.365	-4.252	-173
Minority interest of share of earnings.....	9.438	8.936	0	0
	<u>29.401</u>	<u>26.301</u>	<u>-19.964</u>	<u>17.365</u>

## NOTES TO THE FINANCIAL STATEMENTS, continued

Note	Group		
	Development projects		Goodwill
	Completed	Under construction	
<b>8 INTANGIBLE ASSETS (DKK'000):</b>			
Cost at 1 January .....	26.051	3.543	30.278
Currency adjustment.....	4	0	0
Additions .....	1.475	2.747	6.807
Transferred to completed development projects.....	2.873	-2.873	0
<b>Cost at 31 December</b>	<b>30.403</b>	<b>3.417</b>	<b>37.085</b>
Depreciation and amortisation at 1 January.....	-15.709	0	-8.275
Exchange rate adjustment.....	-3	0	0
Depreciation and amortisation during the year.....	-4.827	0	-1.683
<b>Depreciation at 31 December</b>	<b>-20.539</b>	<b>0</b>	<b>-9.958</b>
<b>CARRYING AMOUNT AT 31 DECEMBER:</b>	<b>9.864</b>	<b>3.417</b>	<b>27.127</b>

The major part Group's development projects are related to the development of new types of axial impellers with a particular focus on noise reduction and energy optimization. The projects are proceeding as planned and expected to be completed within 1 to 5 years. The increased demands for environmental impact in both the US and the EU mean that there is increased focus and demand for these types of axial impellers.

In addition, development costs for implementing a new ERP system are also recognized in the balance sheet. The development has progressed as planned, and the rollout is almost completed in all of the group companies in 2016. A more efficient and timely financial reporting is expected as a result of the implementation.

9	Group			
	Land and property	Rebuilding test stand	Other fixtures and fittings, tools and equipment	Leasehold Improvements
<b>PROPERTY, PLANT AND EQUIPMENT (DKK'000):</b>				
Cost at 1 January.....	15.483	138	65.828	393
Currency adjustment.....	-54	0	-177	0
Additions .....	23.302	0	11.497	1.890
Disposals .....	0	0	-1.388	0
<b>Cost at 31 December</b>	<b>38.731</b>	<b>138</b>	<b>75.760</b>	<b>2.283</b>
Depreciation and amortization at 1 January .....	-4.233	-138	-42.927	-332
Exchange rate adjustment .....	15	0	84	0
Depreciation and amortization during the year .....	-911	0	-6.865	-166
Reversal of disposals on depreciation.....	0	0	1.071	0
<b>Depreciation at 31 December</b>	<b>-5.129</b>	<b>-138</b>	<b>-48.637</b>	<b>-498</b>
<b>CARRYING AMOUNT AT 31 DECEMBER:</b>	<b>33.602</b>	<b>0</b>	<b>27.123</b>	<b>1.785</b>

## NOTES TO THE FINANCIAL STATEMENTS, continued

Note	2016 DKK'000	2015 DKK'000
<b>10 DEPOSIT:</b>		
Cost at 1 January .....	1.293	775
Additions .....	368	518
<b>CARRYING AMOUNT AT 31 DECEMBER:</b>	<u>1.661</u>	<u>1.293</u>

### 11 DEFERRED TAX ASSETS:

In 2016, Australia, CZ and India reported deferred tax assets. These deferred tax assets arise mainly due to a higher net tax value of fixed assets than the net book value, and the provision for bad debts and employee benefits that are recognised in the accounting books in 2016 but are only allowed for tax purposes in the later reporting periods when payment is made or when the liability becomes certain.

### 12 PREPAYMENTS:

Activated accrued costs include prepaid expenses concerning insurance, licenses, subscriptions, leasing and interest.

	Group / Parent	
	2016 DKK'000	2015 DKK'000
<b>13 EQUITY:</b>		
<b>The share capital is as follows:</b>		
Shares, 125 pieces of DKK 1,000 .....	125	125
<b>SHARE CAPITAL AT 31 DECEMBER:</b>	<u>125</u>	<u>125</u>

Capital of 125 DKK'000 was injected establishing the Company on 29 April 2015 with retroactive application back to 1 January 2015.

	Group		Parent Company	
	2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
<b>14 PROVISION FOR DEFERRED TAX:</b>				
Provision for deferred tax at 1 January 2016.....	2.964	3.230	0	0
Provision in year.....	-361	-266	0	0
	<u>2.603</u>	<u>2.964</u>	<u>0</u>	<u>0</u>

## NOTES TO THE FINANCIAL STATEMENTS, continued

Note

<b>15 LONG TERM DEBT</b>	Debt at 31.12.2016 DKK'000	Due within 1 year DKK'000	Debt after 5 years DKK'000
Bank loan .....	57.146	33.201	1.990
Mortgage loans.....	13.105	748	12.408
	<u>70.251</u>	<u>33.949</u>	<u>14.398</u>

### 16 ASSETS CHARGED AND SECURITY:

As security for the debt, Multi-Wing Group ApS pledged investments in subsidiaries with a total booked value represent 128,330 DKK'000.

As security for credit institute engagement pledges are given in group entities operating equipment, stocks and receivables amounting to 10,000 DKK'000.

In provision of security for credit institute engagement, group entities have pledged fixed assets in form of tools and equipment at a total value of 41,284 DKK'000. The carrying amount constitutes to 35,575 DKK'000. As security for engagement the credit institute 17,306 DKK'000 pledges are given in property amounting to 23,243 DKK'000.

Multi-Wing Group ApS and certain subsidiaries have provided joint and several liabilities guarantee for Multi-Wing International A/S.

### 17 HEDGING INSTRUMENTS:

The Parent Company as decided to hedge against expected interest risk on the major part of loans.

DKK'000	Period	Contractual value		Gains and losses recorded under equity	
		2016	2015	2016	2015
Interest swap ....	< 1 year	15.000	15.000	-136	-173
Interest swap ....	> 1 year	20.000	20.000	-179	-139

### 18 CONTRACTUAL OBLIGATIONS:

The Group has signed the following lease obligations:

The Group has signed leases with a maturity of up to 120 months. The lease-obligation amounts to 20,982 DKK'000 exclusive of VAT.

## NOTES TO THE FINANCIAL STATEMENTS, continued

### Note

#### 19 OTHER CONTINGENT LIABILITIES:

The Company was founded as a spin off from a split of Multi-Wing Group Holding ApS as per 29 April 2015. As a result the Company is on a pro-rata apportionment liable for existing and potential liabilities towards Multi-Wing Group Holding ApS as per that date.

Multi-Wing Group ApS, has issued a letter of support towards Multi-Wing SEA Pte. Ltd. and Multi-Wing GMH Pte. Ltd. and will provide the necessary financing and funds for the companies, in order to support the continuous operations as a Going Concern.

The Company is jointly taxed with other Danish group companies. The Danish companies of the Group are jointly and severally liable to tax of the Group's jointly taxed income etc. The total payable corporate tax is shown in MWH af 2015 ApS' Annual Report, CVR-no. 31 18 48 43, who is managing company in relation to the joint taxation. Furthermore, the Danish companies of the Group are jointly and severally liable in relation to the Danish withholding taxes in form of dividend tax, royalty tax and interest tax. Any future corrections to corporate taxes and withholding taxes can result in a larger amount of the Company's liability.

#### 20 OTHER RELATED PARTIES:

MWH af 2015 ApS' related parties include as follows:

**Controlling influence:**

MWH af 2015 ApS

**Basis:**

Parent

**Other related parties:**

Jesper Bernhoft .....

Member of Board of Directors

Annette Bernhoft Andersen.....

Member of Board of Director

John Korsø Jensen.....

Member of Board of Director

Subsidiaries etc. ....

Reference is made to the Group Overview in the section "Management Review" and note 8 respectively.

**Transactions with related parties:**

There have been no transactions with related parties besides transactions between Group Companies in regard of ordinary intercompany trade. All transactions are considered to be completed on an arms-length basis, and in accordance with section 97c of the Danish Financial Statements Act, no information on transactions is given.

## NOTES TO THE FINANCIAL STATEMENTS, continued

Note

		<b>Group</b> 2016 <hr/> DKK'000
<b>20</b>	<b>CHANGE IN WORKING CAPITAL:</b>	
	Change in inventories.....	-781
	Change in trade receivables.....	-10.351
	Change in other receivables .....	-1.138
	Change in prepayments .....	1.832
	Change in trade creditors .....	5.468
	Change in other payables .....	3.817
	<b>CARRYING AMOUNT AT 31 DECEMBER:</b>	<hr/> <b>-1.153</b> <hr/>

		<b>Group</b> 2016 <hr/> DKK'000
<b>21</b>	<b>CASH AND CASH EQUIVALENTS AT YEAR-END:</b>	
	Cash and cash equivalents, year-end.....	44.093
	Bank debt, year-end .....	-17.579
	Short-term investments, year-end .....	6.837
	<b>CARRYING AMOUNT AT 31 DECEMBER:</b>	<hr/> <b>33.351</b> <hr/>