
LM Wind Power International Technology II ApS

Jupitervej 6, DK-6000 Kolding

Annual Report for 1 January - 31 December 2018

CVR No 38 55 96 72

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/5 2019

Peder Toft Nielsen
Chairman of the General
Meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	4
Financial Statements	
Income Statement 1 January - 31 December	5
Balance Sheet 31 December	6
Statement of Changes in Equity	8
Notes to the Financial Statements	9

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of LM Wind Power International Technology II ApS for the financial year 1 January - 31 December 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

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

Kolding, 28 May 2019

Executive Board

Hanif Mashal
Executive Officer

Board of Directors

Duncan Gee Berry
Chairman

Hanif Mashal

Rodrigo Carneiro da Cunha
Torres

Independent Auditor's Report

To the shareholder of LM Wind Power International Technology II ApS.

Opinion

We have audited the financial statements of LM Wind Power International Technology II ApS for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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 responsibility 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 decisions 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

Independent Auditor's Report

audit. We also

- identify and assess the risks of material misstatement of the 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 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.

Aarhus, 28 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Henrik O. Larsen
State Authorised Public Accountant
mne15839

Michael Stenskrog
State Authorised Public Accountant
mne26819

Company Information

The Company

LM Wind Power International Technology II ApS
Jupitervej 6
DK-6000 Kolding

CVR No: 38 55 96 72

Financial period: 1 January - 31 December

Incorporated: 7 April 2017

Municipality of reg. office: Kolding

Board of Directors

Duncan Gee Berry, Chairman
Hanif Mashal
Rodrigo Carneiro da Cunha Torres

Executive Board

Hanif Mashal

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Income Statement 1 January - 31 December

	Note	2018 TDKK	7 April - 31 December 2017 TDKK
Gross profit/loss		2.092	-30.491
Amortisation and impairment of intangible assets		-22.248	-16.686
Loss before financial income and expenses		-20.156	-47.177
Financial expenses		-1	0
Loss before tax		-20.157	-47.177
Tax on loss for the year		4.435	10.380
Net loss for the year		-15.722	-36.797

Distribution of loss

Proposed distribution of loss

Retained earnings		-15.722	-36.797
		-15.722	-36.797

Balance Sheet 31 December

Assets

	Note	2018 TDKK	2017 TDKK
Acquired patents		228.044	250.292
Intangible assets		228.044	250.292
Fixed assets		228.044	250.292
Receivables from group enterprises		7.642	0
Other receivables		13	0
Corporation tax		475	7.642
Receivables		8.130	7.642
Currents assets		8.130	7.642
Assets		236.174	257.934

Balance Sheet 31 December

Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		50	50
Retained earnings		159.412	175.133
Equity		159.462	175.183
Provision for deferred tax		48.301	52.261
Provisions		48.301	52.261
Trade payables		50	0
Payables to group enterprises		28.361	30.490
Short-term debt		28.411	30.490
Debt		28.411	30.490
Liabilities and equity		236.174	257.934
Key activities	1		
Contingent liabilities and other financial obligations	2		
Related parties	3		
Accounting Policies	4		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	50	175.134	175.184
Proposed distribution of loss	0	-15.722	-15.722
Equity at 31 December	50	159.412	159.462

Notes to the Financial Statements

1 Key activities

The main activity is holding and development of intellectual property rights related to production of wind turbine blades.

2 Contingent liabilities and other financial obligations

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. AcceptFinans ApS / GE Global Holdings Denmark ApS is the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

3 Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report of the ultimate Parent Company, which is the smallest and largest group in which the Company is consolidated.

Name	Place of registered office
General Electric Company	Boston, MA 02210, USA

Notes to the Financial Statements

4 Accounting Policies

The Annual Report of LM Wind Power International Technology II ApS for 2018 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 2018 are presented in TDKK.

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.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report. Revenue less other external expenses are recognised as gross profit/loss.

Revenue

Revenue, which consists of revenue from license agreements, is measured at fair value of the agreed consideration exclusive of VAT and net of discounts relating to sale.

Revenue recognition occurs when delivery and transfer of risk to the buyer have taken place according to the agreements and the income may be measured reliably and is expected to be received.

Notes to the Financial Statements

4 Accounting Policies (continued)

Other external expenses

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

Amortisation and impairment losses

Amortisation and impairment losses comprise amortisation and impairment of intangible assets.

Financial expenses

Financial expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on 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

Intangible assets

Acquired patents are measured at the lower of cost less accumulated amortisation and the recoverable amount. Acquired patents are amortised over its useful life, which is assessed at 12 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation.

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.

Notes to the Financial Statements

4 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years.

Debts

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