

GE Power Denmark A/S

Annual Report for 2016

Park Allé 295
2605 Brøndby

CVR No. 73484510

The Annual Report was
presented and adopted at
the Annual General Meeting of
the Company on 8/6 2017



Chairman
Jan Nicolaisen

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Management's Statement

Today, the Executive Board and Board of Directors have considered and adopted the Annual Report of GE Power Denmark A/S for the financial year 1 January 2016 - 31 December 2016.

The Annual Report is presented 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 2016 - 31 December 2016.

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

Brøndby, 8/6 2017

Executive Board



Jan Nicolaisen
Managing Director

Board of Directors



Mats Andersson
Chairman



Fintan Tuffy



Jan Nicolaisen

Independent Auditor's Report

To the shareholders of GE Power Denmark A/S

Report on the Financial Statements

We have audited the Financial Statements of GE Power Denmark A/S for the financial year 1 January 2016 - 31 December 2016 comprising Accounting Policies, Income Statement, Balance Sheet and Notes. The Annual Report is presented in accordance with the Danish Financial Statements Act.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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 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.

Independent Auditor's Report

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 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.

Independent Auditor's Report

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 the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 8/6 2017

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Per Ejsing Olsen

State Authorised Public Accountant

Company information

Company	GE Power Denmark A/S Park Allé 295 2605 Brøndby
Telephone	45 4690 0100
Website	www.ge.com
CVR No.	73484510
Date of formation	20 January 1984
Registered office	Brøndby
Financial year	1 January 2016 - 31 December 2016
Board of Directors	Mats Andersson, Chairman Fintan Tuffy Jan Nicolaisen
Executive Board	Jan Nicolaisen, Managing Director
Auditors	KPMG P/S Dampfærgevej 28 2100 København Ø CVR-no.: 25578198
Consolidated Financial Statements	The Company is included in the consolidated financial statements of General Electric Company, 3135 Easton Turnpike, Fairfield, Connecticut, 06828-001, USA

Management's Review

Main activities

The Company sells equipment and provide service to power plants, the environmental sectors and the industrial sector.

Development in the year

The entity was merge with General Electric in November 2015. During 2016 the entity has reduced the number of employees as part of a European reorganization and has entered into a closer corporation with other GE Power entities within the Nordic countries in order to continue servicing the customers on the Danish Market. The company has changed it is name in December 2016 to GE Power Denmark A/S.

The income statement of the company for 2016 shows a loss of TDKK 18.717, and at 31 December 2016 the balance sheet of the Company shows a negative equity of TDKK 53.090.

The loss is due to close down of a number of larger projects where the majority of the loss were realized in 2015.

The result is lower than expected, and is considered unsatisfactory.

Capital and funding

After deduction of the loss for the year, equity at 31 December 2016 is negative by TDKK 53.090. The Company is financed by loans from other companies in the General Electric Group. The Company's owners have decided to make a capital injection of TDKK 55.000. The capital injection has been received by the company in May 2017. Hereafter the equity is positive by TDKK 1.910. For 2017 the management expect a result around zero and a positive cash flow, by which the financial status will improve further. The result for 2017 will become positive to the extent to which other group companies will be able to utilize the company's tax losses carried forward for 2016, as no value of deferred tax assets has been recognized. It is expected that the share capital can be re-established in 2017 or at the latest in 2018. On this basis management believes it is appropriate that the accounts be prepared under the going concern assumption.

Uncertainty regarding recognition or measurement

The estimate of expected losses on work in progress recognized under other provisions is subject to uncertainty and the financial outcome may deviate from the expected.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Expectations for the future

The Company expects its operations to develop positively next year.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

Numbers appear in thousands DKK

	<u>2016</u>	<u>2015</u>	<u>2014/15</u>	<u>2013/14</u>	<u>2012/13</u>
Gross profit/loss	- 404	- 49.732	21.845	26.592	32.141
Operating profit/loss	- 25.652	- 70.958	- 4.931	4.284	7.229
Net financial income and expenses	- 126	- 210	-204	82	526
Profit/loss for the year	- 18.717	- 83.639	-4.259	2.718	18.858
Total equity and liabilities	42.785	53.431	102.802	99.818	179.609
Total equity	-53.090	-34.373	49.266	59.111	65.148
Investment in property, plant and equipment	0	0	0	66	0
Avg. number of full-time employees	27	34	30	27	29
Return on assets (%)	neg	neg	neg	4,3%	4,0%
Solvency ratio (%)	neg	neg	47,9%	59,2%	36,3%
Return on equity (ROE) (%)	neg	neg	neg	4,4%	31,7%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see accounting policies.

Income Statement

	Note	2016 tkr.	2015 tkr.
Gross result		- 404	- 49.732
Employee benefits expense	2	- 24.923	- 20.338
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	- 325	- 888
Profit/loss from ordinary operating activities		- 25.652	- 70.958
Finance expences		- 126	- 210
Profit/loss from ordinary activities before tax		- 25.778	- 71.168
Tax expense on ordinary activities	4	7.061	- 12.471
Net profit/loss for the year		- 18.717	- 83.639

Distribution of profit

Proposed distribution of profit/loss

Proposed dividend for the year	0	0
Retained earnings	- 18.717	- 83.639
	- 18.717	- 83.639

Balance sheet

	Note	2016 tkr.	2015 tkr.
Assets			
Goodwill	5	<u>0</u>	<u>288</u>
Intangible assets		<u>0</u>	<u>288</u>
Fixtures, fittings, tools and equipment	6	<u>0</u>	<u>38</u>
Property, plant and equipment		<u>0</u>	<u>38</u>
Other long-term receivables		<u>54</u>	<u>94</u>
Investments		<u>54</u>	<u>94</u>
Fixed assets		<u>54</u>	<u>420</u>
Short-term trade receivables		14.555	27.144
Contract work in progress	7	12.054	16.500
Short-term receivables from group enterprises		16.072	7.354
Other short-term receivables		<u>18</u>	<u>2.021</u>
Receivables		<u>42.699</u>	<u>53.019</u>
Cash and cash equivalents		<u>32</u>	<u>-8</u>
Current assets		<u>42.731</u>	<u>53.011</u>
Assets		<u>42.785</u>	<u>53.431</u>

Balance sheet

	Note	2016 tkr.	2015 tkr.
Liabilities and equity			
Share capital		5.505	5.505
Retained earnings		-58.595	-39.878
Equity	9	-53.090	-34.373
Other provisions	10	11.986	39.274
Provisions		11.986	39.274
Trade payables		6.163	27.030
Payables to group enterprises	8	62.815	19.770
Other payables		14.911	1.730
Short-term liabilities other than provisions		83.889	48.530
Liabilities other than provisions within the business		83.889	48.530
Liabilities and equity		42.785	53.431
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		

Statement of changes in equity

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2016	5.505	-39.878	0	-34.373
Net profit/loss for the year	0	-18.717	0	-18.717
Equity at 31 December 2016	5.505	-58.595	0	-53.090

Capital and funding

After deduction of the loss for the year, equity at 31 December 2016 is negative by TDKK 53.090. The Company is financed by loans from other companies in the General Electric Group. The Company's owners are considering how to re-establish the Company's share capital. GE Denmark A/S' parent company has confirmed that a capital injection of 55.000 TDKK has been approved and the money has been received in May 2017. After the capital injection the equity is positive by 1.910 TDKK. For 2017 the management expect a result around zero and a positive cash flow, by which the financial status will improve further. The result for 2017 will become positive to the extent to which other group companies will be able to utilize the company's tax losses carried forward for 2016, as no value of deferred tax assets has been recognized. It is expected that the share capital can be re-established in 2017 or at the latest in 2018.

On this basis management believes it is appropriate that the accounts be prepared under the going concern assumption.

Notes

1. Accounting policies

The annual report of GE Power Denmark A/S for 2016 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Revenue

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Notes

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Completed development projects	5 years	0%
Concessions, patents, licens, trademarks and other similar rights	10 years	0%
Goodwill	5 years	0%
Properties	20-50 years	0%
Plant and machinery	5-10 years	0%
Other fixtures and fittings, tools and equipment	3-10 years	0%
Leasehold improvements	5 years	0%

Land is not amortised.

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance Sheet

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Notes

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Explanation of financial ratios

Return on assets (%)	=	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio (%)	=	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity (%)	=	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

Notes

2. Staff expenses

	2016	2015
Wages and salaries	22.974	18.503
Pensions	1.723	1.616
Other employee expenses	226	219
	<u>24.923</u>	<u>20.339</u>
 Average number of employees	 <u>27</u>	 <u>34</u>

The total remuneration to the Executive Board were 2.529 TDKK in 2016 (2015: 2.129 TDKK).

3. Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of property, plant and equipment

Amortisation of property, plant and equipment	38	25
Amortisation of intangible assets	288	863
	<u>325</u>	<u>888</u>

4. Tax on profit/loss of the year

Deferred tax for the year	<u>7.061</u>	<u>12.471</u>
	<u>7.061</u>	<u>12.471</u>

The deferred tax for 2016 are contribution from joint taxation from previous years.

5. Goodwill

	Goodwill
Cost at January 2016	<u>11.500</u>
Cost at 31 December 2016	<u>11.500</u>
 Impairment losses and amortisation at 1 April 2015	 11.212
Amortisation for the year	288
Impairment losses and amortisation at 31 December 2015	<u>11.500</u>
 Carrying amount at 31 December 2015	 <u>0</u>

Notes

6. Fixtures, fittings, tools and equipment

Cost at the beginning of the year	<u>479</u>	<u>479</u>
Cost at the end of the year	<u>479</u>	<u>479</u>
Depreciation for the year	<u>-38</u>	<u>-25</u>
Impairment losses and depreciation at the end of the year	<u>-479</u>	<u>-441</u>
Carrying amount at the end of the year	<u>0</u>	<u>38</u>

7. Contract work in progress

Sales value of work	13.933	23.762
Progress billings on contracts in progress	<u>-1.879</u>	<u>-7.262</u>
	<u>12.054</u>	<u>16.500</u>

8. Payables to group enterprises

Payables to group enterprises comprise cash borrowed from cash-pool, which is managed by a Group company.

9. Equity

The share capital consists of 5 505 shares of a nominal value of DKK 1 000. No shares carry any special rights.

10. Other provisions

Provision for warranty	4.135	16.258
Accrual for contract loss	<u>7.851</u>	<u>23.016</u>
Balance at the end of the year	<u>11.986</u>	<u>39.274</u>

The Company provides warranties of 1 to 5 years on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims. Other provisions comprise expected losses on contract work in progress.

Notes

11. Contingent assets, liabilities and other financial obligations

Rental agreements and leases

	2016	2015
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	105	278
Between 1 and 5 years	101	516
	<u>206</u>	<u>794</u>
 Lease obligations	 <u>0</u>	 <u>565</u>

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

12. Related parties and ownership

Controlling interest

Alstom BV, Ringdijk 390 C, NL-2983 GS Ridderkerk, Holland

Ultimate parent

General Electric Company, 3135 Easton Turnpike, Fairfield, Connecticut, 06828-001, USA

General Electric Company is registered in the State of New York with its corporate office in Connecticut, USA, prepares consolidated financial statements in which GE Power Denmark A/S is a consolidated subsidiary. The consolidated financial statements of the parent company are available at www.ge.com.