annual report 2016

Bladt Industries A/S - Nørredybet 1 - 9220 Aalborg Ø - Denmark

CVR-nr. 14 81 84 80

Adopted at the Annual General Meeting

31 March 2017

Chairman

The Maersk Building, Copenhagen , Denmark

Contents

At Bladt Industries, we create steel solutions for our clients within three main business areas': wind and renewable energy, the oil and gas industry and the infrastructure market.

Wind and renewable energy has, through more than a decade, been the largest part of our three business areas. Since 2002, we have operated within this area and today we have more experience in the offshore wind energy sector than any other steel contractor. In total, our reference list now counts 16 substations with three more in the pipeline and more than 1,500 foundations.

The oil and gas industry is where our offshore adventure began. We have been working within this business for more than 40 years, and our expertise and know-how covers steel structures such as modules, topsides, jackets and suction anchors.

The infrastructure market is where Bladt Industries delivered its first products as a steel contractor more than 50 years ago. Our infrastructure division delivers various steel related projects each with their special challenges – from bridges, steel tanks and buildings to harbor and marine facilities. During 2016, we have continued our development from taking on pure steel contracts into also taking on selected turnkey contracts, which include concrete, excavation works etc. as well.

Our employees are important to us. The backbone of the continued development of Bladt Industries and the projects we are

involved in lies in their qualifications and dedication. In 2016, we strengthened our organization even further.

Safety always comes first at Bladt Industries. We believe that the health, safety and welfare of our employees are the foundation for our success, and during 2016, we have further intensified our activities in this area. In 2017, we will strengthen our safety first resolve even further.

Our facilities are an important part of our ability to play a leading role in the offshore business. Our two production facilities in Denmark and the newest production facility in the UK all have direct access to seaways.

Quality is at the heart of everything we do. It is part of the "Bladt DNA" to deliver high-quality steel constructions to our clients.

Our clients are the source of our success. Our aim is a close cooperation with our clients and to continue to meet and exceed their demands.

Management Review

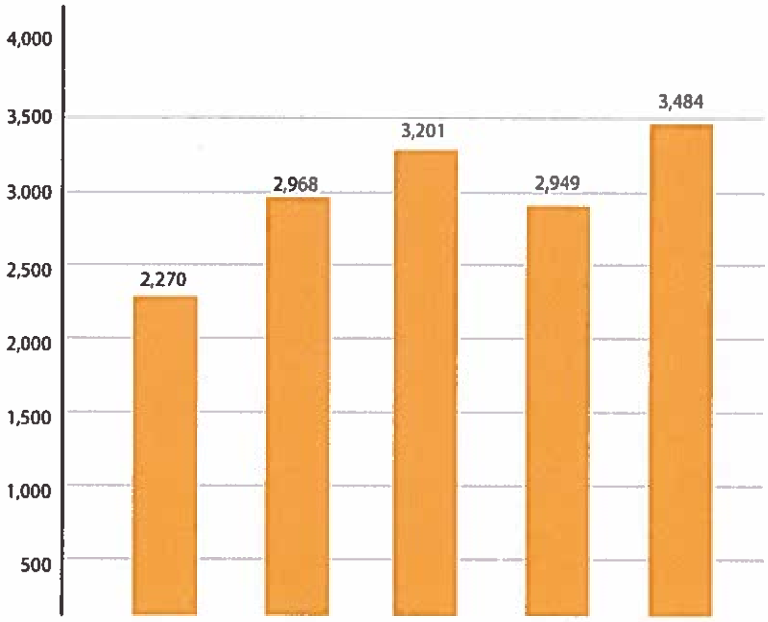
Financial Highlights

DKKm	2016	2015	2014	2013	2012
Key figures					
Revenue	3,484.0	2,949.5	3,201.3	2,967.6	2,270.4
Gross profit	162.0	138.3	19.8	268.5	239.7
Earnings before interest, tax, depreciation, and amortization (EBITDA)	157.4	138.9	23.9	269.6	238.3
EBITDA excl. one-off items*	167.4	153.3	29.4	272.8	248.8
Earnings before interest and tax (EBIT)	123.3	103.5	-8.5	243.7	217.2
Profit/loss from financial income and expenses	-10.0	-17.7	-2.3	0.4	-0.5
Profit for the year	86.9	63.5	-6.7	186.2	162.9
Non-current assets	154.9	181.7	168.8	154.4	137.8
Current assets	1,368.1	1,080.2	1,292.0	875.3	539.3
Total assets	1,523.0	1.261.9	1,460.8	1,029.7	677.1
Equity	437.1	401.8	388.3	445.1	310.9
Non-current liabilities	26.3	33.8	42.6	58.9	55.2
Current liabilities	1,059.6	826.3	1.029.9	525.7	311.0
Net interest bearing debt/Net cash	-47.2	-66.2	137.8	157.1	161.4
Investment in property, plant, and equipment	16.9	24.0	44.0	42.6	51.8
Investment in joint ventures (shares)	0.0	40.2	0.0	0.0	0.0
Cash flows from operating activities	81.1	-89.8	77.6	90.1	192.0
Cash flows from investing activities	-17.0	-64.2	-46.9	-42.4	-51.2
Free cash flows	64.1	-154.0	30.7	47.7	140.8
Financial ratios					
Operating margin (%)	3.5	3.5	-0.3	8.2	9.6
Solvency ratio (%)	28.7	31.8	26.6	43.2	45.9
Return on equity (%)	29.4	26.2	-2.0	64.5	80.6
Average number of employees	638	586	628	587	461

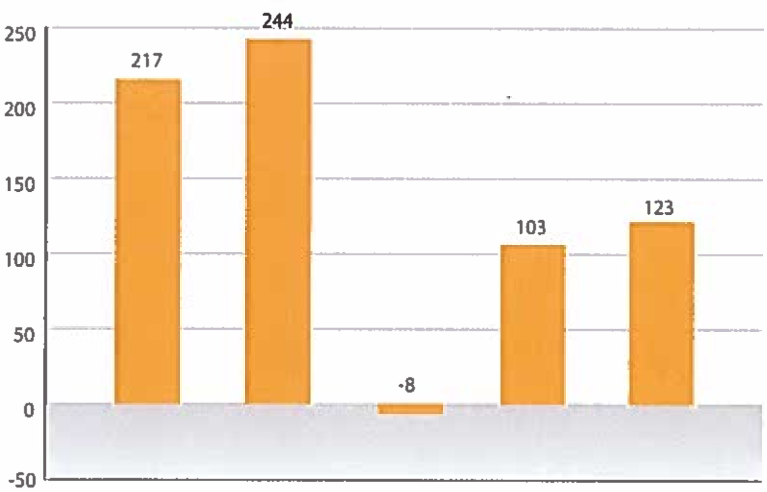
The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". We refer to the definition of financial ratios on page 58, note 29.

* Reconciliation of one-off items to internal reporting

Revenues (DKKm)



EBIT (DKKm)



Making offshore wind truly sustainable

In 2016, Bladt Industries improved its financial performance further. Building on a strong project portfolio in offshore wind and the infrastructure market, Bladt Industries successfully delivered offshore wind foundations and substations as well as bridges, complex building steel, storage tank solutions – and much more. This led to an increase in revenues to DKK 3,484 million (2015: DKK 2,949 million) – the highest level ever recorded. Earnings before interest and tax also increased to DKK 123 million up from DKK 103 million in 2015, in line with expectations and satisfactory for the year.

Bladt Industries worked on foundations for wind turbines for six offshore wind farms in 2016 totaling 317 foundations across these wind farms. Also, Bladt Industries completed or partial produced six substations for four offshore wind farms. The strong project portfolio within offshore wind was complemented by numerous infrastructure projects across a number of areas.

Offshore wind has always been a truly sustainable energy source in environmental terms. In 2016, the offshore wind industry continued and accelerated the development towards making offshore wind financially fully sustainable and ultimately subsidy free. The energy prices achieved in offshore wind auctions in 2016 are testament to this development. To help facilitate this development, a cornerstone of Bladt Industries' strategy is to ensure cost competitive, on time and on quality delivery of key components to offshore wind farms such as foundations and substations.

Bladt Industries in 2016

The significant project portfolio executed by Bladt Industries in 2016 included the finalization of offshore wind turbine transition piece foundations for the Veja Mate and the Burbo Bank Extension offshore wind farms as well as the initiation of transition pieces for the Walney Extension and the Arkona offshore wind farms. These projects include a total of 246 transition pieces for monopile foundations solidifying Bladt Industries market leading position within transition pieces. Production of these took place both at Bladt Industries' site in Aalborg, Denmark, and at Offshore Structures (Britain) Limited, the UK production site owned in a joint venture between German EEW Special Pipe Constructions (EEW SPC) and Bladt Industries.

Further, the project portfolio in 2016 included jacket foundations for offshore wind turbines produced at Bladt Industries' facilities at Lindoe Industrial Park. Bladt Industries delivered 41 jacket foundations for the Wikinger offshore wind farm and initiated production of 30 jacket foundations for the Beatrice offshore wind farm in the UK. The jacket foundations for the Beatrice project is Bladt Industries' third back-to-back order for serial produced jacket foundations for offshore wind turbines – a first in the industry.

The activity level with substations for offshore wind farms was also significant in 2016. Bladt Industries produced and installed substations for the Sandbank, the Nordsee One and the Bligh Bank offshore wind farms and initiated fabrication of three substations for the large Hornsea One offshore wind farm. With these significant projects, Bladt Industries underlined its market leading position within substations for offshore wind.

The infrastructure business area also had increasing activity including, among many other projects, complex building steel for Esbjerg Shopping Center and for the Maersk Building at the Panum Institute, a landmark bridge crossing freeway lanes and railroad tracks for the Koge Nord Station and significant storage tank restoration projects.

Bladt Industries continued the strengthening of its organization within systems and processes related to project management, quality assurance, HSE, planning, legal and financial risk management and HR in 2016. Examples include new systems and procedures for managing and handling non-conformities, supplier management, HR management as well as updated project and contract management tools, extensive training in the 5S methodology and updated HSE manuals for employees and subcontractors. Simultaneously, Bladt Industries intensified its drive for cost reductions for the offshore wind industry including continuing work on production automation and robotization of welding as well as broadening the supplier base including low cost country suppliers where feasible. Bladt Industries aims to drive further the maturity of the offshore wind industry and to make offshore wind truly sustainable.

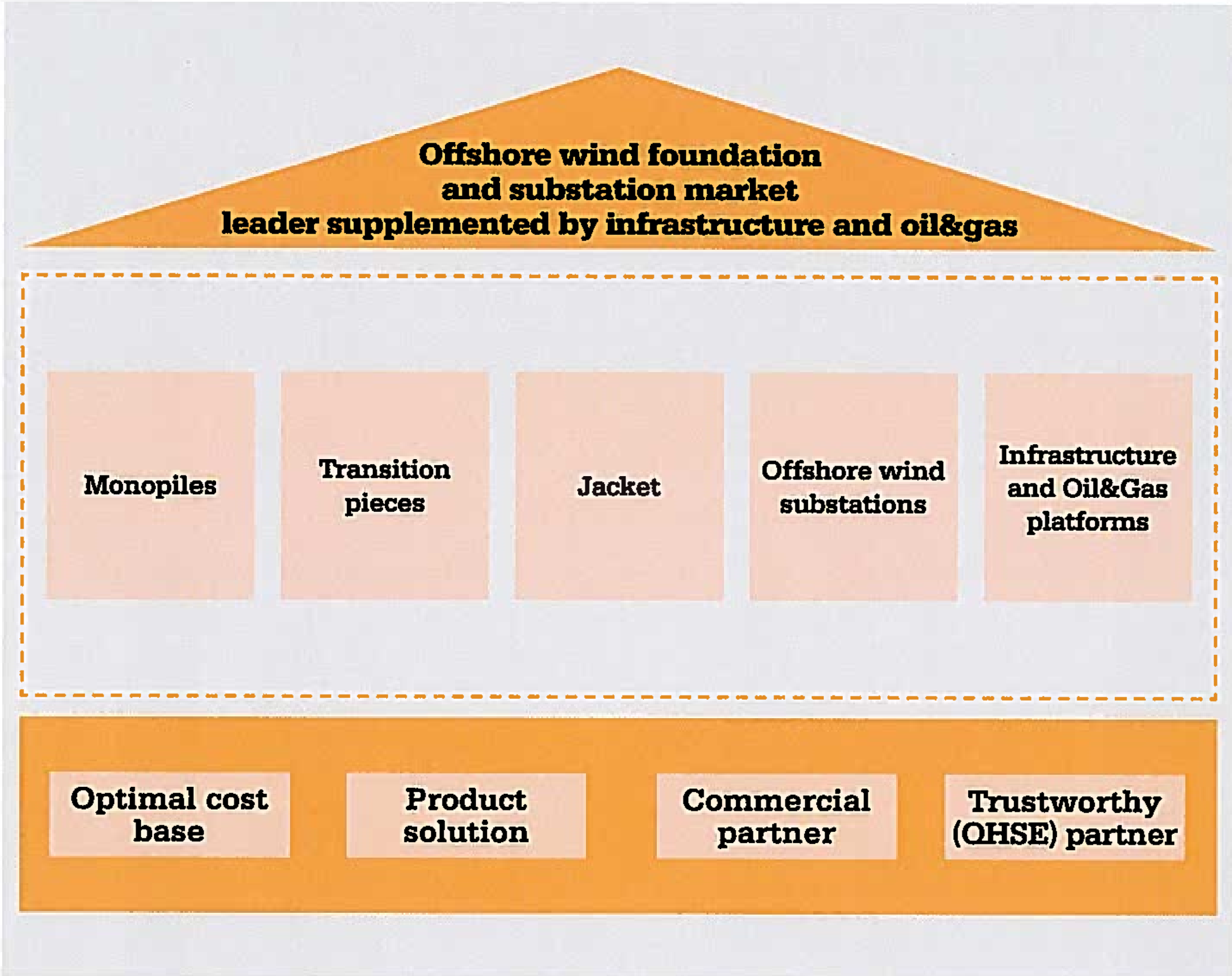
Market developments

The European offshore wind market displayed some growth in 2016 compared to 2015 especially in terms of gigawatts installed and under installation. Going forward, the offshore wind market is expected to remain at a high activity level and further growth may be possible if the low energy prices for offshore wind achieved at recent auctions translate into larger volumes of offshore wind capacity being consented for grid connection in the future. Competitive intensity is increasing in the European offshore wind market both in the auctions for energy prices for offshore wind farms and in the supply chain. Beyond the European market, the nascent US offshore wind market may provide growth opportunities especially after 2020.

As expected, the North Sea offshore oil and gas market activity was at a similar low level in 2016 as in 2015 as oil prices remained at a relatively low level. This is also expected to be the case in 2017 therefore activity related to new offshore oil and gas fields is expected to remain low, while upgrade and maintenance of existing fields will be affected to a lesser degree. Longer term, an uptick in the oil price or renewed oil and gas field taxation regulations may lead to some growth in the North Sea offshore oil and gas market.

With continued solid economic activity in the Nordic countries, the steady growth in the market for steel related infrastructure projects in the Nordic region seen in 2016 is expected to continue in 2017.

Veja Mate Foundations & Nordsee One, Germany



Strategic agenda

Bladt Industries launched its updated strategy in 2016 focusing on further developing its profitable market leader position in offshore wind foundations and substations supported by niche positions in infrastructure and offshore oil&gas. The strategic intent of Bladt Industries is to be the market leader in offshore wind balance of plant and other selected complex structures, to be the safe choice de-risking for our customers and to have a supply chain ensuring highly cost efficient on-time and on-quality delivery for our customers.

To this end, Bladt Industries is developing its position in the value chain for offshore wind foundations with a focus on both monopile-transition piece and jacket type foundations and is also exploring the emerging offshore wind opportunities within foundations and substations in the US and in the Asia Pacific region.

Underpinning the strategic intent is a relentless and accelerated focus on decreasing the cost of offshore wind energy, ultimately making offshore wind subsidy-free and thereby securing profitable growth for Bladt Industries. This includes, for example, automation and robotization of welding and increased low cost country sourcing coupled with innovative supply chain and logistic setups. Further, Bladt Industries are working with the industry to develop offshore wind design solutions that are more feasible and cost efficient from a fabrication point of view.

Also, Bladt Industries is embracing the market leader position and in 2016 arranged a cross-industry conference on reducing the costs of offshore wind turbine jacket foundations with broad participation by more than 100 industry specialists. The work started at the conference continues in several cross-industry work streams.

Further underpinning the strategic intent is increased partnering with customers and a commercially proactive approach as well as the continued strengthening of for instance planning, quality assurance, HSE and project management.

Financial Review

In 2016, the revenues of Bladt Industries increased by 18% nominally and organically to a record DKK 3,484 million (2015: DKK 2,949 million). Revenues are impacted by high and increasing activity level with offshore wind turbine foundations and offshore wind substations as well as within the infrastructure area and the continued low activity level within offshore oil and gas.

Gross profits amounted to DKK 162 million (2015: DKK 138 million). The increasing activity level and the sound execution of Bladt Industries' project portfolio drives the development of gross profit in 2016. Gross profits were not – as was also not the case in 2015 – affected by significantly lower than expected earnings on a few specific projects as experienced in 2014 due to events outside Bladt Industries' control. Certain projects from 2014 continue to involve disagreements regarding the settlement of variation orders and claims between Bladt Industries and the customers on these specific projects. On the largest of these projects, Bladt Industries have now commenced arbitrational proceedings and Bladt Industries and its legal advisors are confident of its position and the merits of the case. As with all such disagreements, there is uncertainty as to the financial outcome of these disputes which can have a significant positive or negative financial effect.

Capacity costs for project management, planning, production facilities, QHSE systems and for legal and contract management have increased with the growing activity level and in order to meet the requirements of maturing the offshore wind industry and of our customers. Operating profits (EBIT) increased by 19% to DKK 123 million (2015: DKK 103 million) and are positively impacted by the activity level and sound project execution and negatively by increasing capacity costs. Result from the UK joint venture improved in 2016, the first full year of operation after the start-up in 2015, but was still impacted by the relative immaturity of the site operations where efficiency and performance continue to improve.

Tax on profits for the year, consisting of current tax of DKK 35 million and changes in deferred tax of DKK 9 million, amounted to DKK 26 million (2015: DKK 22 million) corresponding to an effictive tax rate of 23.3% (2015: 22.0%). Profit for the year after tax amounted to DKK 87 million (2015: DKK 63 million) which is in line with expectations for the year.

At the end of 2016, total assets amounted to DKK 1,523 million (2015: DKK 1,262 million) and total equity amounted to DKK 437 million (2015: DKK 402 million). During the year only group internal dividends were paid, no dividends were distributed to shareholders outside the Bladt Group.

Jacket foundations, Wikinger, Germany

The Board of Directors recommends to the annual general meeting that no dividends be declared in respect of the 2016 financial year.

In 2016, Bladt Industries realized a cash flow from operations of DKK 81 million (2015: DKK -90 million). The cash flow is positively impacted by the sound execution of Bladt Industries' project portfolio and negatively impacted by changes in working capital, as working capital fluctuations are common for large scale contracts. The cash flow was also negatively impacted by DKK 14 million (2015: 85 million) in continued investments into the setup and optimization of the UK production joint venture Offshore Structures (Britain) Limited. Net cash flows from investments in Bladt Industries fully owned sites and facilities were DKK 17 million (2015: DKK 24 million). Total cash flows from operations and investments amounted to DKK 64 million (2015: DKK -154 million).

Net cash flows after financing activities amounted to DKK 19 million (2015: DKK -204 million).

No events of significant importance to the financial statements and annual report for 2016 have occurred after the end of the financial year.

Outlook 2017

Given the expected market developments and competitive intensity, the gross profit and earnings of Bladt Industries are expected to be at a similar or slightly lower level in 2017 compared to 2016. The outlook is based solidly on an order book for 2017 that secures the vast majority of the 2017 outlook. This order book includes wind turbine foundations for the Walney Extension, Arkona, Beatrice and Hornsea One offshore wind farms, three offshore substations for the Hornsea One offshore wind farm, the bridge for Køge Nord Station as well as numerous other infrastructure projects.

Projects in Focus

Arkona foundations, Germany

Foundations for Offshore Wind Turbines

Wikinger, Germany

During the last quarter of 2016, Bladt Industries put the final touch on the 41 jacket foundations for Wikinger offshore wind farm. Bladt Industries and the Spanish utility company Iberdrola signed a contract for fabrication of 41 offshore jacket foundations and 164 pin piles for the Wikinger offshore wind farm located in the German part of the Baltic Sea in late 2014. Just after signing the contract, the planning process began and by the second quarter of 2015, production was started at our Lindoe facilities.

The jacket foundations each have a total weight of approx. 650 tons, a 23 x 23 meters footprint and a total height of 62 meters. The foundations are installed in water depths between 39-42 meters.

The Wikinger offshore wind farm will consist of 70 wind turbines in total and have a total capacity of 350 MW.

Burbo Bank Extension, UK

In 2016, Bladt Industries finalized fabrication of the 32 transition pieces for the Burbo Bank Offshore Wind Farm. The wind farm developer is DONG Energy and Bladt Industries' customer is EEW SPC. 16 of the transition pieces were fabricated at Bladt Industries' site in Aalborg while16 transition pieces were manufactured in the UK by OSB (Offshore Structures Britain Ltd.), the joint venture established by Bladt Industries and EEW SPC. Fabrication began in August 2015. Each transition piece has a height of 23 meters, a maximum diameter of 7.43 meters, and a total weight of approx. 450 tons.

The Burbo Bank Extension offshore wind farm is being built in Liverpool Bay.

Veja Mate, Germany

The final 6 transition pieces out of 67 in total for Veja Mate offshore wind farm were delivered at the end of the 3rd quarter in 2016.

As a joint venture, Bladt Industries and EEW SPC were awarded a construction contract by Offshore Windforce VM V.O.F. (at the time a joint venture consisting of Volker Stevin International GmbH and Boskalis Offshore Marine Contracting B.V) for the supply of 67 monopile foundations for the Veja Mate offshore wind farm.

The 67 transition pieces with a diameter of up to 6.8 meters, an average weight of 325 tons and a length of approx. 22 meters were fabricated at Bladt Industries' headquarters in Aalborg, Denmark. Compared to previous projects executed in Europe, the dimensions of these foundations are relatively large. However, both companies have continuously geared their facilities to accommodate the increasing size of offshore foundations.

Wikinger jackets, Germany

The Veja Mate project is located in the German part of the North Sea, approx. 95 km from the coast.

Arkona, Germany

Bladt Industries has been awarded a construction contract by AWE-Arkona-Windpark (owned by E.ON and Statoil) for the supply of 60 monopile foundations including 60 transition pieces for the Arkona offshore wind farm. The 60 transition pieces include electrical design and delivery of switchgear and are being fabricated at Bladt Industries' headquarters in Aalborg, Denmark. The transition pieces will have a diameter of 6 meters, an average weight of 290 tons and a length of approx. 16 meters.

Fabrication of the foundations will commence early summer 2016 and is expected to be finalized in the second quarter of 2017.

The 385 MW offshore wind farm is to be installed in the German part of the Baltic Sea approx. 35 km north of Rügen Island.

Beatrice, UK

In June 2016, we secured continued serial production of jacket foundations at Bladt Industries' Lindoe facilities, as Seaway Heavy Lifting awarded Bladt Industries with an order for 30 jacket foundations for the Beatrice offshore wind farm.

Bladt Industries will provide 30 four-legged jacket foundations for the wind farm. The jacket foundations will have a height of up to 74 meters with weights of up to approx. 1,030 tons each, making them significantly larger than previous jackets structures fabricated at Lindoe. They will have a footprint of 24 x 24 meters and will be installed in water depths of up to 47 meters.

The last jacket is expected to be delivered mid 2018. The offshore wind farm will be located 13.5 kilometers off the coast in the Scottish part of the North Sea.

Walney Extension 3+4, UK

In the last quarter of 2015, Bladt Industries was awarded a PC contract by EEW SPC for a total of 87 transition pieces for the Walney Extension offshore wind farm project. The contract is divided in two different projects with four different types of transition pieces.

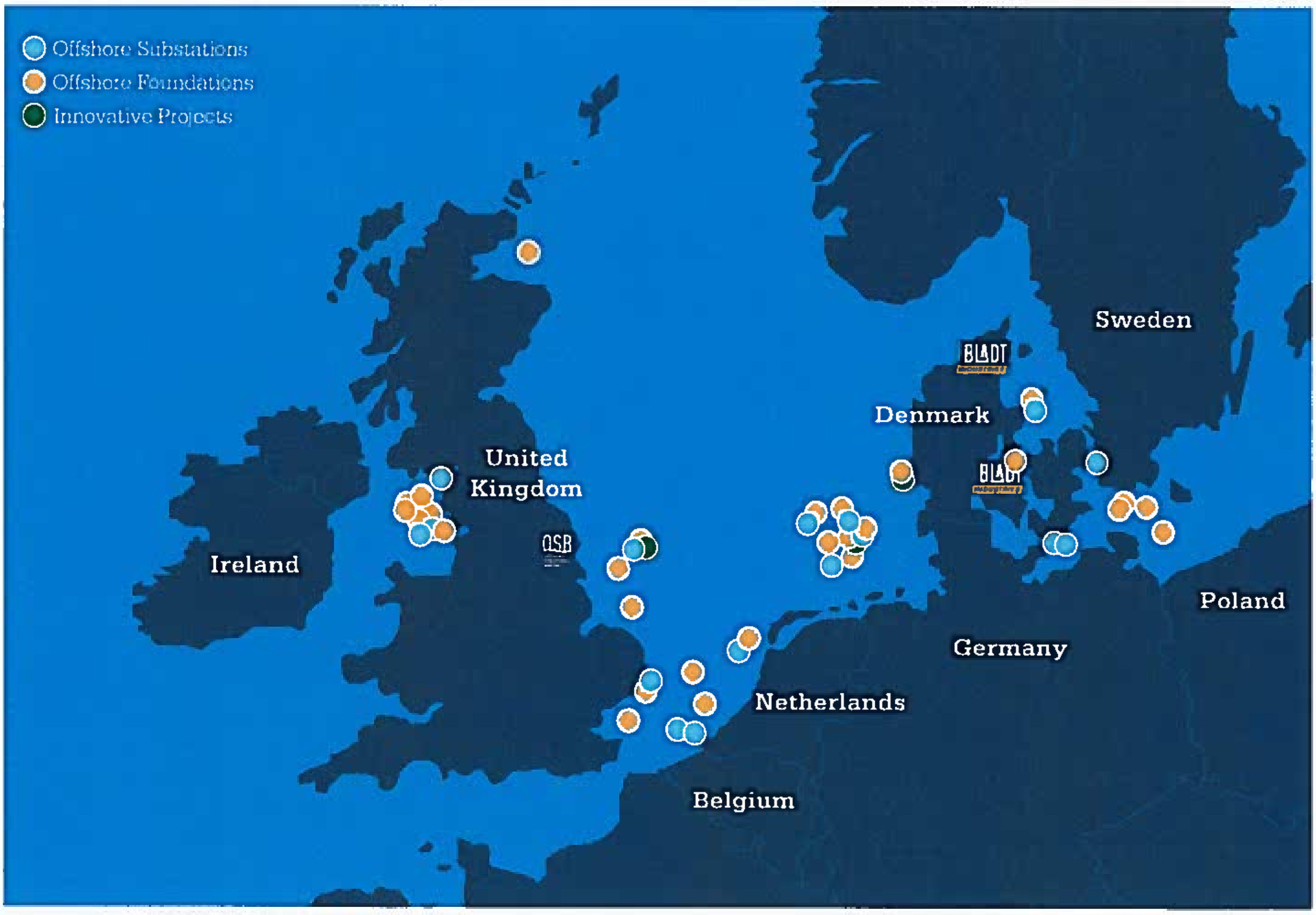
The Walney 4 project is for the fabrication of 47 transition pieces with a diameter of approx. 6 meters and an average weight of 400 tons each. Production is at our facilities in Aalborg, Denmark.

At our OSB facilities in Great Britain, the 40 transition pieces for the Walney 3 project are being fabricated with a diameter of between 6.5 - 7.4 meters and an average weight of 350 tons each. Fabrication of both projects was started up in the second quarter of 2016, and the projects are expected to be finalized in the third quarter of 2017.

The Walney Extension Offshore Wind Farm will have a capacity of 659 MW and will be located 19 km off the British coast in the Irish Sea.

Geographic Locations

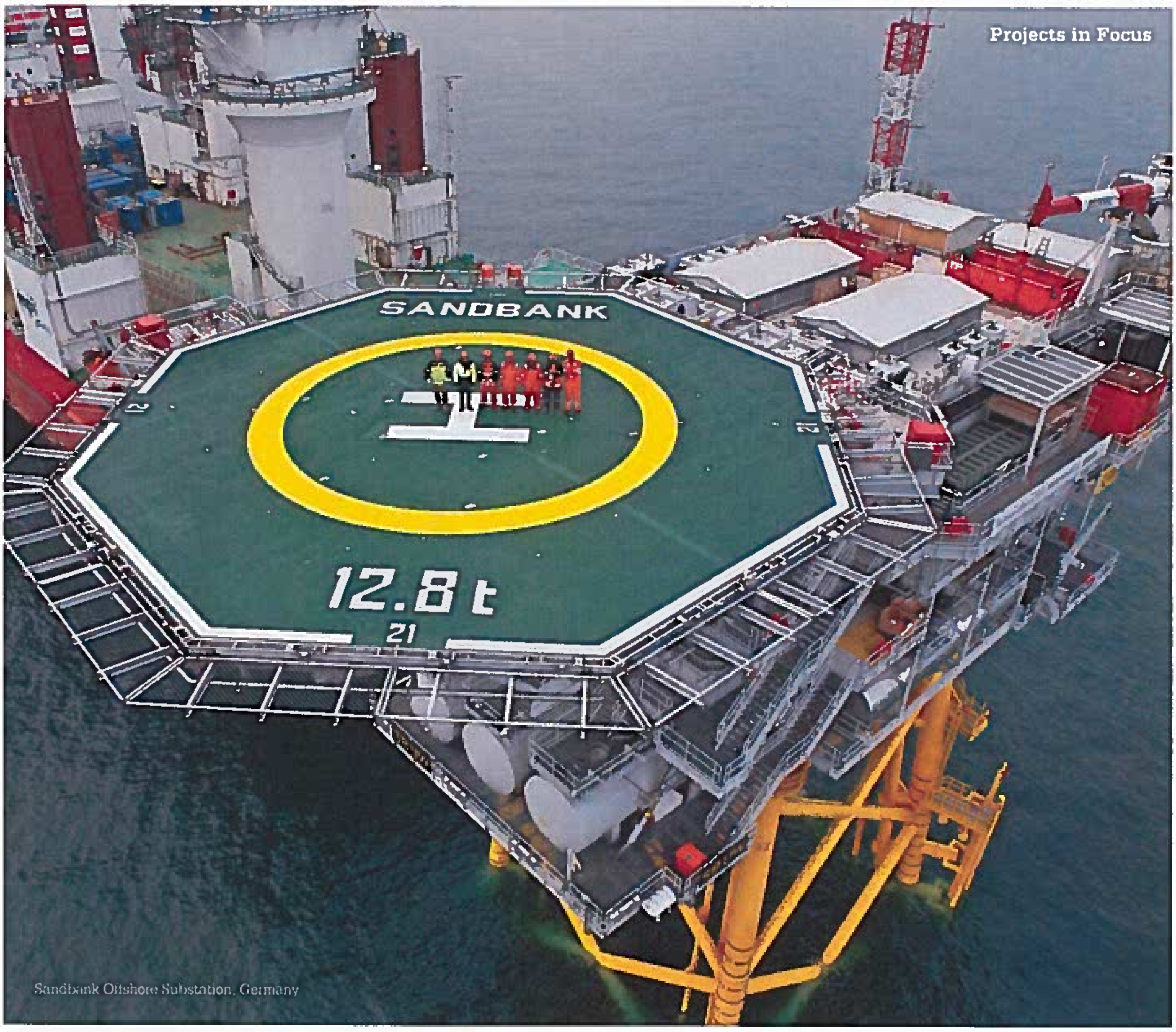
of Bladt Industries' offshore wind foundation and substation projects



Offshore Wind Substations

Sandbank, Germany
Bladt Industries was chosen by Vattenfall and Stadtwerke München to fabricate the substation for the Sandbank offshore wind farm in the German North Sea. The contract is an EPCI (engineering, procurement, construction and installation) contract and consist of both the topside and a four-legged jacket. The design phase started in August 2014 and the sail away took place in April 2016.
The total weight of the jacket is approximately 1,700 tons and the topside weighs a total of 2,250 tons. In this turnkey project, Bladt Industries was assisted by our long-term suppliers Semco Maritime and ISC.
The Sandbank project area is located 90 kilometers off the coast of Sylt in the German North Sea.

Nordsee One, Germany
In 2016, fabrication of the substation for Nordsee One offshore wind farm was finalized. During 2014, the design and planning phase of the EPCI contract for RWE's Nordsee One offshore wind farm began. Besides the substation topside, the contract also included a jacket foundation.
The construction was initiated in 2015 and in June 2016, installation took place. The total weight is approximately 1,400 tons for the jacket structure and 2,100 tons for the topside.
This was the 15th substation delivered by Bladt Industries. Also in this project,



Sandbank Offshore Substation, Germany

Bladt Industries was assisted by long-term suppliers Semco Maritime and ISC. The Nordsee One wind farm is located in the German part of the North Sea.

Bligh Bank, Belgium

In June 2015, Bladt Industries announced the signing of a new EPCI contract for the manufacturing of the offshore substation for the Bligh Bank II offshore wind farm.

The substation was installed offshore in September 2016 – only 16 months after signing the contract.

Bladt Industries constructed the substation in close cooperation with their long-term suppliers within manufacturing of substations, Semco Maritime.

Bladt Industries was the general contractor and responsible for the steel construction work as well as the overall engineering, procurement, construction and installation.

The Bligh Bank II wind farm is situated in the Belgian part of the North Sea. This was the 16th substation delivered by Bladt Industries.

Hornsea Project One, UK

In May 2016, DONG Energy awarded Bladt Industries a new contract for three substation topsides to what is to become the largest wind farm in the world – the Hornsea Project One offshore wind farm.

Bladt Industries is responsible for the offshore substation topsides. The fabrication will take place in close cooperation with Semco Maritime who will be in charge of electrical- and Instrumentation works Each of the three substation topsides for the offshore wind farm will have a weight of approximately 2,800 tons.

The offshore wind farm will be situated in the North Sea, 120 kilometers off the coast of Yorkshire in the UK.

Infrastructure

Esbjerg Shopping Center

In 2016, Bladt Industries finalized the work to deliver and install building steel for a new shopping center "BROEN" in the heart of Esbjerg. Bladt Industries' part in the project was to construct, deliver and install building steel for the part of the shopping center which crosses the railway line – a challenging installation. Most of the steel structures delivered were welded steel girders which are 1.7 meters high and have a span of 64 meters.

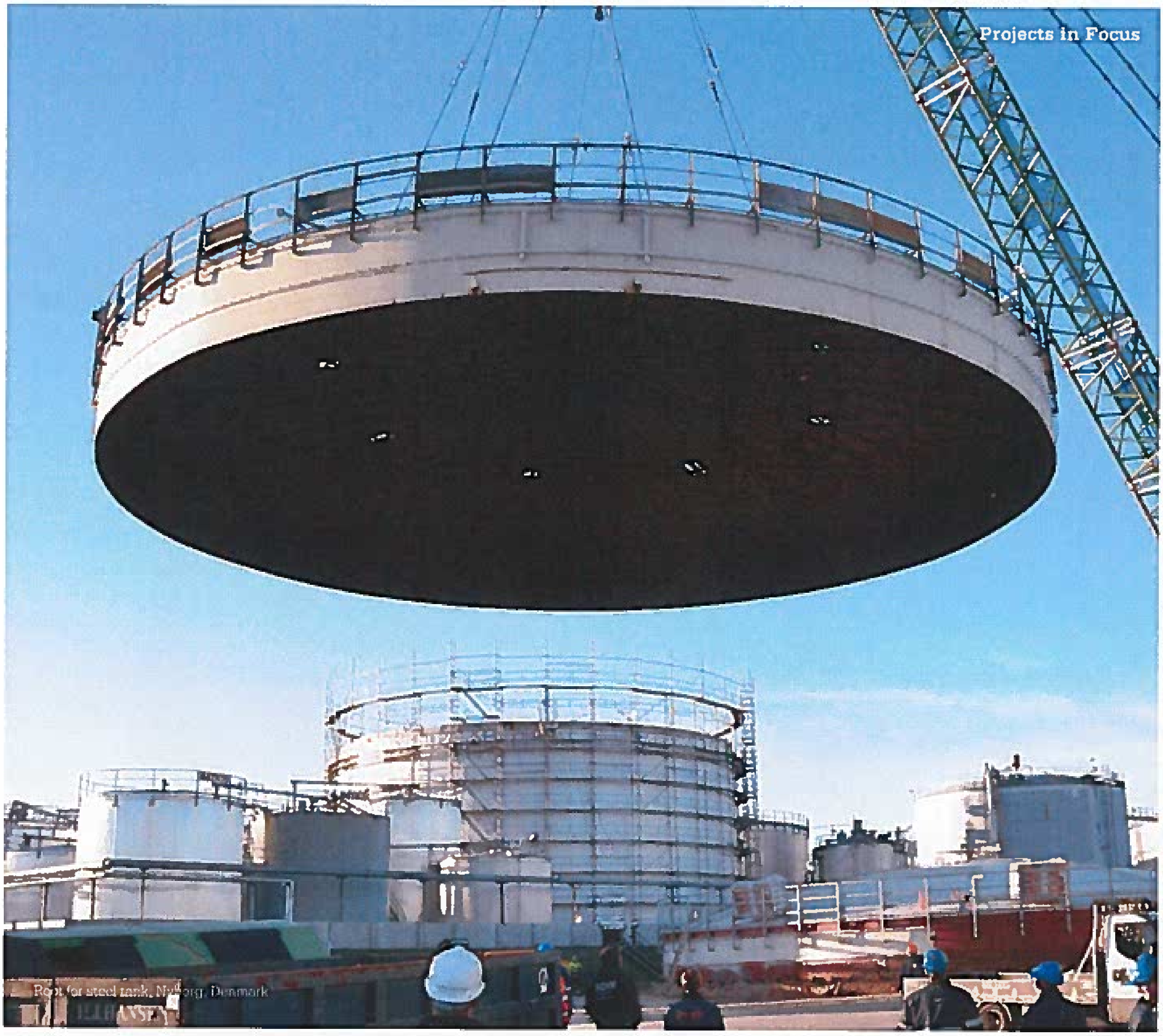
Renovation of Statoil Terminal

In October 2015, renovation work for Statoil Fuel & Retail A/S began and the work will continue until November 2018.

Bladt Industries' scope in this project is the replacement of approximately 4-5 km pipelines, establishment of new pump groups for class 1 and class 3 tanks, firefighting installations as well as installations of tank cooling systems. The piping replacements are for all 12 active tanks at the site, while firefighting installations are for the six class 1 tanks.

Køge Nord Station

In June 2016, Bladt Industries signed a contract with the national Danish railway trade company, Banedanmark,



Roof for steel tank, Nyborg, Denmark

to build an innovative pedestrian bridge for Køge Nord Station. The bridge is expected to be used by more than 8,000 people every day, and is featured on CNN's list "The most spectacular bridges in the world".

As the general contractor on this project, Bladt Industries' scope covers all steel work, earth work, drainage, foundations, concrete work, bridge flooring, thermal envelope and smoke ventilation, elevator, escalators, electrical work as well as finalizing the outfitting of the bridge.

Installation of this exciting project, linking different platforms at the station and crossing railroad, motorway and S-train tracks, will begin mid 2017 when the first of the sections is mounted.

Once completed, the bridge will be 225 meters long and approximately 9 meters wide.

Tank and piping projects

During 2016, our infrastructure division also completed a number of other steel construction projects – including secondary steel for a Novo Nordisk project, a steel tank for Koppers Denmark and reconstruction of silos for Avedøreværket, Denmark.

Corporate Governance

Governance, Board of Directors and Management

Bladt Industries A/S is fully owned by Bladt Holding A/S via the company Bladt Industries Holding A/S. Nordic Capital Fund VII Ltd. is the ultimate majority shareholder in Bladt Holding A/S, and a number of executives and board members also hold shares and warrants in Bladt Holding A/S. By virtue of its ownership, the group is subject to the "Guidelines for responsible ownership and corporate governance" laid out by the Danish Venture Capital and Private Equity Association (DVCA). It is the intention of Bladt Industries A/S to comply with the guidelines and to substantiate any non-conformity. Further information regarding the guidelines is available at DVCA's website www.dvca.dk.

The organization of the tasks of the Board of Directors and the Executive Board is, among other things, based on the Danish Public Companies Act, the Danish Financial Statements Act, the articles of association of the company and the rules of procedures for the Board of Directors of the company. The Board of Directors and the Executive Board apply these requirements and procedures according to good practices in comparable companies. Additionally, Bladt Industries intends to comply with DVCA's "Guidelines for responsible ownership and corporate governance" as described above.

The Board of Directors consists of six members. Two members are representatives of the ultimate majority shareholder (Lars Terney and Kim Gulstad of NC Advisory A/S), two are elected at the annual general meeting and are independent of the ultimate majority shareholder (Jens Due Olsen and Jørgen Huno Rasmussen), and two are elected by the employees of Bladt Industries every four years according to the Danish Public Companies Act. At the end of the financial year, Casten Nygaard Knudsen resigned from the Board of Directors and has been replaced by Kim Gulstad.

The Board of Directors represents international business experience in the areas of industry, business development, large-scale contracting, offshore wind, M&A transactions and general management and is deemed to possess the neccessary competences and seniority.

Rules of procedures have been adopted by the Board of Directors governing board conduct. Additionally, the Board of Directors employs the following sub-committees: Executive (Chairman's) Committee, Audit Committee and Remuneration Committee. The following board members are represented in the individual committees:

- Executive (Chairman's) Committee: Jens Due Olsen (Chairman), Lars Terney
- Audit Committee: Jens Due Olsen (Chairman), Kim Gulstad
- Remuneration Committee: Lars Terney (Chairman), Jørgen Huno Rasmussen

Four to seven ordinary board meetings are held per year. Among other things, the Board of Directors determines the strategy of the company, decides the composition of the Executive Board, monitors Executive Board compliance with the strategy and the procedures of the company, and is an active sparring partner to the management of the company. Additionally, six to ten Executive (Chairman's) Committee meetings are held per year with the Executive Board to further follow-up on the direction and operations of the company between board meetings. The Executive Board and management of the company prepare a monthly report to the Board of Directors detailing the company's operational and financial performance as well as capital resources.

The Audit Committee operates according to its charter approved by the Board of Directors and refers to the Board of Directors. The tasks of the Audit Committee as specified in its charter include, among other things:

- To monitor the financial reporting process and the company's presentation of financial statements
- To monitor the adequacy and application of accounting policies and of significant accounting estimates
- To monitor whether the company's systems of internal controls and risk management practices function efficiently
- To monitor the external statutory audit of the company's annual financial statements
- To monitor the independence of the external auditor
- To make recommendations to the Board of Directors concerning the appointment of external auditors

Four Audit Committee meetings are held per year. The Audit Committee has organized and formalized its tasks in its annual plan approved by the Board of Directors.

Board of Directors and diversity

It is the objective of Bladt Industries to promote diversity, including obtaining a reasonable representation of the under-represented gender in the Board of Directors, in order to strengthen the breadth of the company's perspectives and competences and to further improve decision processes. It is also the objective of the Board of Directors to ensure that its members supplement each other in the best possible way with regard to e.g. competences, age, background, gender, and nationality as relevant to the needs of the company. The recommendation of candidates for the Board of Directors will thus always be based on an assessment of the competences and experience of the individual candidate, how they match the needs of the company and of the contribution to the overall efficiency and skill set of the Board of Directors.

At present, all members of the Board of Directors, the Executive Board and Group Management are male. The objectives for the period from 2017 are:

- Ensure a representation of women in the Board of Directors corresponding to 20-25% of the board members elected at the Annual General Meeting (one board member) within a three year period.
- Ensure that the employees view the company as having a modus operandi and culture in which individual employees have equal career opportunities regardless of gender, nationality, race, religious beliefs etc.

During 2016, Bladt Industries has continued the development from 2014 and 2015 by further increasing the number of women in middle management positions reporting to Group Management, creating a larger potential pipeline for the filling of management positions. In total women are constitute approx. 14% of such middle management positions compared to approx. 5% in the general employee base.

Capital structure

Bladt Industries' has one share class. Management, the Audit Committee and the full Board of Directors regularly evaluate the sufficiency of the company's capital structure and whether the capital structure is aligned with the interests of the company and its stakeholders. The overall objective is to ensure a capital structure that facilitates profitable long term growth and value creation.

Internal Controls and Presentation of Accounts and Annual Financial Statements

The group's internal controls and risk management regarding presentation of the accounts and the annual financial statements are organized with a view to substantially reduce the risk of significant errors, omissions and/or imperfections in the presentation of the accounts. To ensure this, management establishes relevant policies, procedures and control mechanisms. The Board of Directors – both directly and via the Audit Committee – and management evaluate significant risks and internal controls in regard to the group's presentation of accounts on an ongoing basis.

On behalf of the Board of Directors, the Audit Committee monitors the presentation of accounts and annual financial statements as well as the sufficiency and efficiency of the internal controls, including financial reporting standards, accounting principles, and significant accounting estimates and judgments on an ongoing basis. These and other issues are reported to the Board of Directors by the Audit Committee prior to the approval of the annual financial statements and throughout the year when relevant.

The company is in the process of further formalizing its systems of internal controls related to operations, accounting and financial reporting. This is done as part of the continuous effort to reduce the risk of errors, omissions and/or imperfections in the company's accounts. The Audit Committee monitors this process.

In addition to the audited annual financial statements, Bladt Industries' Executive Board and management prepare an unaudited monthly report to the Board of Directors detailing the company's performance including the financial position and development, performance against budget, capital resources, order backlog as well the health, safety and quality performance. These reports are reviewed at Board meetings, Audit Committee meetings and Executive (Chairman's) Committee meetings.

Corporate Social Responsibility and Human Resources

Conducting our business with the highest standards of integrity is essential for Bladt Industries in ensuring our continued development and sustainable growth. As a consequence, Bladt Industries strives to adhere to the principles of United Nations' Global Compact in the areas of human rights, labor, environment and anti-corruption.

Bladt Industries' code of conduct specifies the determination and policies for acting with integrity, in an honest and law-abiding way, to respect fundamental human rights, not to give or receive any gifts or other benefits which may be perceived as influencing the impartiality of business behavior, not to use confidential information for personal benefit and only use subcontractors that share these ethical values. Regarding human rights, the code of conduct specifies Bladt Industries' support and respect for internationally proclaimed human rights and the aim to ensure that Bladt Industries is not complicit in any human rights abuses. The work environment shall be characterized by treating all with dignity and respect and it shall be safe and healthy and free from discrimination and harassment.

Also, the code of conduct deals with the compliance with applicable trade sanctions and with the compliance with accounting and tax regulations and standards.

The code of conduct was updated in 2015 and from 2016 is appended to all main contracts with suppliers where the adherence of the suppliers to the code of conduct is contractually guaranteed. The code of conduct is internally available at Bladt Industries' intranet.

As a result of the effort to disseminate the company's code of conduct in 2016 all key suppliers where a Bladt Industries standard contract was deemed relevant in 2016 are now contractually aware of the requirements of Bladt Industries regarding human rights, non-bribery, labour, and environment and aware of the consequences of violating these requirements.

A significant part of Bladt Industries' activity is within offshore wind energy and it is Bladt Industries' strategic intent to continuously work towards providing this clean energy source at cost and quality levels making the further expansion of offshore wind attractive and feasible.

Attracting, developing and retaining a competent workforce is paramount for Bladt Industries.

To this end, an updated annual performance and development review program supported by online tools, was launched in 2016. During 2016, a satisfactory 95% of eligible employees participated in the updated annual performance and development review program thereby providing a strong basis for the mutual dialogue between company and employee on the requirements for professional development. Also, an improved training management system was implemented in 2016. The training and education of apprentices continues to be of significant importance to Bladt Industries. At the end of 2016, 34 apprentices were under training, primarily within welding. Of these, 13 were adult apprentices. This is an investment ensuring both a qualified employee base for Bladt Industries' further growth as well as a contribution to the important task of educating skilled professionals for the local communities.

On average, the number of employees with Bladt Industries in Denmark was higher in 2016 than in 2015. At the end of 2016, Bladt Industries employed 617 employees in Denmark which is slightly lower than at the end of 2015 reflecting normal fluctuations in production activity at a specific point in time.

Internationally, at the subsidiaries in Germany and Poland and the associated company (production facility joint venture) in the UK, the number of employees increased in 2016 due to increased activity level at the UK production facility at the end of 2016 compared to the end of 2015.

The ratio of absence due to illness developed positively in 2016 – in part due to conducted campaigns and follow-up focused at reducing the ratio within the blue collar work force where the ratio has been highest. However, despite the significant improvement the ratio still falls slightly short of Bladt Industries target and thus the efforts to reduce it further continues in 2017.

	Denmark	International	Total
Employees, year end 2015	670	131	801
Employees, year end 2016	617	209	826

Denmark	2016	2015	2014	2013	2012
Ratio of absence due to illness	3.1%	4.6%	3.6%	3.7%	2.9%

Ratio of absence due to illness (%): $\frac{\text{Number of lost man hours due to illness x 100}}{\text{Total man hours}}$

Quality, Health, Safety and Environment (QHSE)

At Bladt Industries, the quality of the products delivered to clients, the health and safety of employees and subcontractors as well as the environmental soundness of surroundings are of outmost importance. Therefore, Bladt Industries operates comprehensive quality management, occupational health and safety management as well as environmental management systems. The quality management system is certified according to DS/EN ISO 9001:2008 and according to ISO 3834-2:2005 and EN 1090-2_2008 for welding. The occupational health and safety management system is certified according to DS/OHSAS 18001:2008. The environmental management system complies with ISO 14001.

The quality management system determines the basis and general principles of the quality system to ensure that Bladt Industries' end products obtain the planned quality by means of a rational and controlled effort.

It is Bladt Industries' objective to meet or exceed our clients' expectations regarding the quality of the products delivered to them. In addition to our own internal audits as well as audits of our quality management system by the relevant external certifying bodies, our quality management system and quality control programs are also frequently reviewed and audited by a number of customers and this was also the case in 2016.

During 2016, Bladt Industries has further developed its quality management procedures in a number of areas. For instance, new systems and procedures for handling non-conformities, for supplier management, for HR management were implemented. Also, the upgraded Project Execution Plan (PEP) for large offshore wind foundation projects was fully implemented in 2016 including upgraded Project Quality Plans (PQP), Inspection and Test Plans and Quality Activity Maps. In addition, the corporate wide QHSE management system of Bladt Industries is in the process of being overhauled in 2016-17 and the final upgraded system will be named "Bladt One" – the integrated Bladt Industries management system. Quality control and material traceability are integrated parts of the production and project management at Bladt Industries. Depending on the nature and demands of each individual project, quality control programs can consist of a number of different control actions – including for instance measurement of size dimensions within narrow tolerances, inspection of batch certificates and raw material properties as well as non-destructive testing of welds in a variety of different ways.

The purposes of the occupational health and safety (OH&S) management system of Bladt Industries are to minimize, and where possible eliminate, risk to employees and others who may be exposed to OH&S risks associated with the company's activities as well as to maintain and continuously improve the OH&S management system and practices. Systematic health and safety risk assessments are carried out and acted upon for significant work processes and work processes with elevated risk elements.

During 2016, Bladt Industries has strengthened the focus on health and safety further. For instance, a large number of employees have been trained in the 5S methodology, the emergency

response plan has been upgraded, focus has been put on reducing absence due to illness with individual dialogue and individual plans, and "smiley" evaluation tools have been implemented for communication of HSE performance in specific production workshops and construction sites.

Despite these efforts the Lost Time Injury Frequency (LTIF) – a key health and safety performance indicator – worsened during 2016 after a highly satisfactory performance of 0 in 2015. While fluctuations may occur from year to year, the performance in 2016 is not fully satisfactory. To further increase the focus on HSE performance improvement, Bladt Industries has in the latter part of 2016 split the management of the QHSE into two roles with individual Heads of Quality and HSE. An additional performance indicator for Bladt Industries in the health and safety area is the number of working hours lost due to OH&S related incidents relative to the total number of working hours ("incident frequency"). As opposed to the LTIF performance, the incident frequency did improve in 2016 reflecting a lower number of minor incidents.

Bladt Industries' environmental management system is based on and operated according to the principles of ISO 14001, however, it is not certified by a certifying body. Within the guidelines of the environmental management system, Bladt Industries continually strives towards minimum environmental impact of the company's activities in consideration of the financial and technological conditions, including for example to reduce the consumption of materials, energy, water, and waste.

To continue reduction of its environmental and climate footprint in 2016, Bladt Industries together with external specialists conducted a comprehensive analysis of energy consumption in all its activities leading to a number of energy saving activities.

The result of this comprehensive analysis conducted in 2016 has been to identify 11 specific energy saving measures with a total potential (calculated) savings impact corresponding to approximately 6% of total energy usage at Bladt Industries. These energy saving measures will be analyzed further in 2017 regarding the feasibility for implementation.

Also, the waste handling plan was upgraded and updated in 2016 leading to more correct and efficient handling of the various waste streams.

	2016	2015	2014	2013	2012
Lost time injury frequency (LTIF)	2.1	0.0	0.8	1.7	3.3
Incident frequency	1.0 ‰	1.2 ‰	0.7 ‰	0.8 ‰	2.4 ‰

LTIF: $\dfrac{\text{Number of injuries causing absence* } \times 1{,}000{,}000}{\text{Total man hours}}$

* Injuries causing absence: Injury or illness resulting in the return to work the day following the day of injury

Incident frequency: $\dfrac{\text{Number of lost man hours due to injuries } \times 1{,}000}{\text{Total man hours}}$

Risk Management

At Bladt Industries, risk management is an essential and integrated element of the execution of the project portfolio, of the realization of the objectives of Bladt Industries, and of the further development of the company's business system and processes. The following section includes a non-exhaustive description of risks related to Bladt Industries' activities and the management of these risks.

Commercial Risks

The main commercial risks of the group are related to (a) the execution of current projects, (b) ensuring a pipeline of future projects, and (c) adapting the capabilities and scale of operations to the changing demands in the marketplace.

To execute projects, Bladt Industries relies both on the competences of employees as well as selected suppliers. Bladt Industries employs a highly skilled work force across a large range of disciplines such as project management, welding, transportation, production and material management, quality assurance and control, HSE, contract management, tender management, controlling, finance and administration. This qualified work force is the cornerstone of successful project execution. Bladt Industries' project managers master a variety of proven project management tools that are continuously developed and adapted to the specific project at hand. Project Managers are supported continuously in project execution by specialists within legal, contract and financial management, quality, health and safety, planning etc. Physical production of very large structures may be impacted by adverse weather conditions. To mitigate such impact, Bladt Industries calculates with standard periods of adverse weather when planning projects as well as ensuring flexibility in production facilities to quickly adapt to the impact of weather changes.

A strong cooperation with selected suppliers that Bladt Industries works closely with on the individual projects further ensures a successful project execution. Such cooperation improves competitiveness, enhances capacity and mitigates risks by having projects completed at independent sites thereby reducing reliance on any single site. Significant suppliers are evaluated and monitored closely before and during the project so that potential issues are dealt with prior to the project and any issues that may arise during the project are mitigated in a timely manner. Furthermore, major suppliers are incentivized to avoid inadequate performance on their part via targeted contractual milestones, bonuses and penalties. To this end, Bladt Industries' project and contract managers work with standard sub-supplier contracts. Such standard supplier contracts were updated and upgraded further in 2016 by Bladt Industries' legal team.

Prior to contracting a potential project, the contract and calculations are reviewed in accordance with defined procedures for tendering. During the project execution phase, projects are reviewed frequently by project management, division management and top management using standard project reporting templates. Such reviews focus on financial performance, project progress, execution issues as well as actual and potential risks. During 2016, Bladt Industries continued the strengthening of the organizational competence base within legal contract management and project financial controlling in order to identify, avoid and mitigate unwanted contractual and financial risks.

Securing a pipeline of potential new projects, winning new projects and adapting capacity and capabilities to the future needs of the marketplace are of paramount importance to the longer term profitable growth of Bladt Industries. Therefore, management regularly tracks and reviews developments in the potential project pipeline within the various target segments and based on this adapts the in-house and sourced capacities and capabilities to the project pipeline. The level of demand is primarily dependent on the developments in the Northern European market for offshore wind and secondarily in the global offshore wind and Northern European offshore oil and gas markets as well as the Scandinavian markets for infrastructure projects with a certain steel content and complexity.

Also, in order to ensure the continued competitiveness and strong market position, Bladt Industries closely monitors ongoing and potential developments in relevant technologies regarding end products – for instance in innovative offshore wind foundation and substation designs – as well as regarding fabrication, assembly and transportation processes. As examples, Bladt Industries in 2016 participated in the development and testing of various new automated robot welding techniques for large offshore steel structures and arranged a large cross-industry conference on reducing the costs of jacket type offshore wind turbine foundations.

Execution of major projects and developments in the business pipeline are also regularly reviewed at all board meetings.

Financial Risks

Bladt Industries' financial risks are described in note 24 to the consolidated financial statements.

Insurance Risks

Bladt Industries takes out statutory insurances as well as the insurances which are deemed to be relevant in order to mitigate or eliminate unwanted risks. At regular intervals, Bladt Industries conducts a review of the insurances in cooperation with an external insurance specialist. Additionally, Bladt Industries may take out project specific insurance depending on the requirements of the individual projects.

Welder in action, Denmark

Board of Directors, Executive Board and Group Management

Board of Directors

Jens Due Olsen, Chairman
- Chairman Audit Committee and Chairman Executive Committee of Bladt Industries A/S
- Professional board member in a number of companies. Previously CFO and Deputy CEO GN Store Nord A/S, CFO FLSmidth & Co. A/S, CFO Aston Group and various roles in AP Møller-Maersk A/S
- Chairman of the Board of NKT Holding A/S, Auris II Luxembourg S.A., Børnebasketfonden
- Member of the Board of Royal Unibrew A/S, PFA A/S, Cryptomathic A/S, Gyldendal A/S, Heptagon Advanced Micro Optics Inc.
- Member of the Investment Committee of LD Equity 2 K/S

Lars Terney, Deputy Chairman
- Chairman Remuneration Committee and Member Executive Committee of Bladt Industries A/S
- Partner, NC Advisory A/S, advisor to Nordic Capital Funds
- Member of the Board of NC Advisory A/S, Sport Nordic (Sport-Master), Unifeeder A/S

Jørgen Huno Rasmussen, Member
- Member Remuneration Committee of Bladt Industries A/S
- Professional board member in a number of companies Previously CEO FLSmidth & Co. A/S, Veidekke ASA and Hoffmann A/S
- Chairman of the Board of Lundbeckfonden, Lundbeckfond Invest A/S, TryghedsGruppen smba, Tryg A/S
- Deputy Chairman of the Board of Rambøll Gruppen A/S, Terma A/S, Thrige-Titan A/S, Haldor Topsøe A/S
- Member of the Board of Otto Mønsted Aktieselskab, Thomas B Thriges Fond

Kim Gulstad, Member
- Member Audit Committee of Bladt Industries A/S
- Member of the Board of Master Marine AS

Kristian Kærsgaard, Member (elected by employees)
- Department Manager, Gratings

Ole Springby, Member (elected by employees)
- Blacksmith

Executive Board

Jan Kjærsgaard, CEO
- Chairman of Board of Jupiter Group A/S
- Member of the Board of Blue Power Partners A/S

Peter Rindebæk, Deputy CEO and COO
- Member of the Board of Lindø Steel A/S, East Metal Trade A/S

Managerial posts in group companies and subsidiaries of Bladt Industries A/S have not been included in the above lists.

Group Management

Morten Axel Petersen, Group Chief Finance & Strategy Officer

Lars Kristensen, Head of Division, Wind & Renewables

Troels G. Jensen, Head of Division, Platforms and Substations

Kim Bringsjord, Head of Division, Infrastructure

Mikael Kristensen, Chief Financial Officer

Statements

Statement by the Board of Directors and the Executive Board

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bladt Industries A/S for the financial year 1 January – 31 December 2016.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations and cash flows for 2016.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

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

Aalborg, 31 March 2017

Board of Directors

Jens Due Olsen
Chairman

Lars Terney
Deputy Chairman

Jørgen Hugo Rasmussen

Kim Gulstad

Ole Springby

Kristian Kærsgaard

Executive Board

Jan Kjærsgaard
CEO

Peter Rindebæk
Deputy CEO and COO

Independent Auditors' Report

To the shareholders of Bladt Industries A/S

Opinion
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 and cash flows for the financial year 1 January - 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Bladt Industries A/S for the financial year 1 January - 31 December 2016, which comprise income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including accounting policies ("financial statements").

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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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 International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

- 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.

Aalborg, 31 March 2017

PricewaterhouseCoopers
CVR.nr. 33771231
Statsautoriseret
Revisionspartnerselskab

Claus Lindholm Jacobsen
State Authorised Public Accountant

Thyge Belter
State Authorised Public Accountant

Financial Statements

for the period 1 January - 31 December 2016

Income Statement

DKK'000	Note	2016	2015
Revenue		3,484,021	2,949,460
Production costs	3,4	-3,322,053	-2,811,131
Gross profit		**161,968**	**138,329**
Distribution costs	3	-11,227	-8,793
Administrative expenses	3,4,5	-27,473	-26,082
Earnings before interest and tax (EBIT)		**123,268**	**103,454**
Profit/loss in joint ventures	12	-8,430	-15,900
Financial income	6	2,304	225
Financial expenses	7	-3,922	-1,993
Profit before tax		**113,220**	**85,786**
Tax on profit for the year	8	-26,342	-22,329
Profit for the year		**86,878**	**63,457**

Proposed appreciation of profits		
Suggested dividend	0	0
Retained earnings	86,878	63,457
	86,878	**63,457**

Financial Statements

for the period 1 January - 31 December 2016

Statement of Comprehensive Income

DKK'000	2016	2015
Profit for the year	**86.878**	**63.457**
Other comprehensive income		
Hedging of future cash flows	-7,100	0
Tax on hedging instruments	1,562	0
Exchange rate adjustments	-956	0
Items that can be reclassified to profit or loss	**-6,494**	**0**
Other comprehensive income after tax	**-6,494**	**0**
Total Comprehensive income	**80,384**	**63,457**

Balance Sheet

DKK'000	Note	2016	2015
ASSETS			
Non-current assets			
Intangible assets			
Other intangible assets	9	2,633	2,677
		2,633	**2,677**
Property, plant and equipment	10		
Plant and machinery		132,289	149,346
Fixtures and fittings, other plant and equipment		3,568	3,636
		135,857	**152,982**
Other non-current assets			
Investments in subsidiaries	11	1,797	1,731
Investments in joint ventures	12	14,657	24,312
		16,454	**26,043**
Total non-current assets		**154,944**	**181,702**
Current assets			
Inventories	13	4,723	5,285
Construction contracts	15	109,811	35,816
Receivables	14	1,231,705	1,012,295
Prepaid costs	16	21,846	26,810
Total current assets		**1,368,085**	**1,080,206**
TOTAL ASSETS		**1,523,029**	**1,261,908**

Balance Sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	17		
Share capital		44,000	44,000
Retained earnings		393,149	357,765
Total equity		**437,149**	**401,765**
Liabilities			
Non-current liabilities			
Deferred tax	18	25,290	32,820
Provisions	19	1,000	1,000
Total non-current liabilities		**26,290**	**33,820**
Current liabilities			
Construction contracts	15	225,582	177,979
Trade payables		620,316	428,405
Bank debt		47,159	66,220
Corporation tax payable	20	34,625	31,934
Other liabilities	21	131,908	121,785
Total current liabilities		1,030,090	826,323
Total liabilities		**1,085,880**	**860,143**
TOTAL EQUITY AND LIABILITIES		**1,523,029**	**1,261,908**

Cash Flow Statement

DKK'000	Note	2016	2015
Profit for the year before tax		113,220	85,786
Adjustment for non-cash operating items etc.:			
Depreciation, amortization and impairment	4	34,310	35,749
Other non-cash operating items, net		-205	483
Profit/loss in joint ventures		8,430	15,900
Financial income	6	-2,304	-225
Financial expenses	7	3,922	1,993
Cash generated from operations (operating activities) before changes in working capital		**157,373**	**139,686**
Changes in working capital	23	-45,341	-232,149
Cash generated from operations (operating activities)		112,032	-92,463
Interest received	6	2,304	225
Interest paid	7	-3,922	-1,993
Corporation tax paid	20	-29,350	4,451
Cash flows from operating activities		**81,064**	**-89,780**
Acquisition of property, plant and equipment and other intangible assets	9, 10	-17,339	-24,620
Acquisition of joint venture company (shares)	12	0	-40,212
Acquisition of subsidiaries (shares)	11	-66	0
Disposal of property, plant and equipment	10	402	636
Net cash flows from investing activities		**-17,003**	**-64,196**
Free cash flows		**64,061**	**-153,976**
Shareholders:			
Dividends distributed		-45,000	-50,000
Cash flows from financing activities		**-45,000**	**-50,000**
Net cash flows from operating, investing and financing activities		**19,061**	**-203,976**
Cash and cash equivalents at 1 January		-66,220	137,756
Cash and cash equivalents at 31 December		**-47,159**	**-66,220**

Ample liquidity reserves, please refer to note 24, page 51.

Statement of Changes in Equity

DKK'000	Share capital	Retained earnings	Total equity
Equity 1 January 2016	44,000	357,765	401,765
Comprehensive income in 2016			
Profit for the year	0	86,878	86,878
Other comprehensive income	0	-6,494	-6,494
Total comprehensive income for the period	0	80,384	80,384
Transactions with shareholders			
Distributed interim dividends	0	-45,000	-45,000
Total transactions with shareholders	0	-45,000	-45,000
Equity 31 December 2016	**44,000**	**393,149**	**437,149**

Equity 1 January 2015	44,000	344,308	388,308
Comprehensive income in 2015			
Profit for the year	0	63,457	63,457
Total comprehensive income for the period	0	63,457	63,457
Transactions with shareholders			
Distributed interim dividends	0	-50,000	-50,000
Total transactions with shareholders	0	-50,000	-50,000
Equity 31 December 2015	**44,000**	**357,765**	**401,765**

For more information, see note 17.

Notes
to the Financial Statements

Note

1 Accounting policies

Bladt Industries A/S is a limited company domiciled in Denmark. The financial statements section of the annual report for the period 1 January – 31 December 2016 comprises the Company's financial statements. Under reference to Section 112 of the Danish Financial Statements Act, it has been decided not to prepare separate consolidated statements for Bladt Industries A/S, as the Company and its subsidiaries are incorporated in the consolidated financial statements of Bladt Holding A/S, CVR no. 34 07 34 30. The financial statements of Bladt Industries A/S for 2016 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act. On 31 March 2017, the Board of Directors and the Executive Board discussed and approved the annual report of Bladt Industries A/S for the financial year 2016. The annual report will be presented to the shareholders of Bladt Industries A/S for approval at the annual general meeting on 31 March 2017.

Basis of preparation

The company's financial statements have been presented in Danish kroner, rounded to the nearest thousand.
The company's financial statements have been prepared on the historical cost basis. The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures.

Description of accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the transaction date and the date of payment are recognized in profit or loss as finance income or finance costs.
Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized in profit or loss as finance income or finance costs.

Derivative financial instruments

Derivative financial instruments are recognized at the date a derivative contract is entered into and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognized assets and liabilities are recognized in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future cash flows are recognized in other comprehensive income and classified as a separate reserve within equity. For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in profit or loss as finance income or finance costs.

Income statement

Revenue

Construction contracts for delivery of constructions etc. involving a high degree of customization are recognized as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the fair value of work performed during the year (the percentage of completion method). Revenue is recognized when the total income and expenses on the construction contract and the stage of completion at the balance sheet date can be measured reliably and it is probable that future economic benefits, including payments, will flow to the Company. When the income from a construction contract cannot be determined reliably, revenue is recognized only as the costs incurred that are likely to be recovered. Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognized in revenue.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation, amortization and impairment loses regarding production plant. Provision for bad debt from enterprise contracts is included.

Distribution costs

Costs relating to sales staff, advertising, exhibitions as well as depreciation and impairment losses are recognized as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and impairment. losses. Included in this item are write-downs for bad debt losses.

Share of profit/loss of joint ventures after tax

The proportionate share of the results after tax of the individual joint ventures is recognized in the consolidated income statement after full elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the

on-account tax scheme, etc..
Borrowing costs relating to general borrowing or loans directly relating to acquisition, construction or development of qualifying assets are allocated to the cost of such assets.

Tax on profit/loss for the year

Bladt Industries A/S is jointly taxed with the parent company Bladt Holding A/S and Danish group enterprises. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.
This year's taxes, which comprise the current tax for the year and alterations in deferred tax, are included in the annual profit, in other comprehensive income or directly under equity capital.

Statement of financial position

Other Intangible assets

Costs associated with maintaining computer software programes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;

- management intends to complete the software product and use it;

- there is an ability to use or sell the software product;

- it can be demonstrated how the software product will generate probable future economic benefits,

- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed three years.

Property, plant and equipment

Plant, machinery, fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset. Further, the cost includes the present value of the initial estimate of the cost to dismantle and remove the asset and restore the site on which the asset is located.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognized in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognized in the statement of financial position and recognized as an expense in profit or loss. All costs incurred for ordinary repairs and maintenance are recognized in profit or loss as incurred. Where individual components of an item of property, plant and equipment have different useful lives, such components are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

Plant and machinery . . . . 3 - 20 years
Fixtures and fittings,
other plant and
equipment. . . . . 3 - 5 years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The useful life and residual value are determined at the acquisition date and are reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on depreciation is recognized prospectively as a change in accounting estimates.

Depreciation is recognized in the income statement as cost of sales, distribution costs and administrative expenses.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less disposal costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement as depreciation.

Investments in subsidiaries and joint ventures

Investments in subsidiaries are measured at cost in the financial statements. Investments in joint ventures are measured according to the equity method.

The Group has a controlling influence in a company if it is exposed to or has the right to a variable return on its involvement in the company and has the possibility to influence this return using its disposal rights to this company.

When establishing whether the Group has a controlling influence, de facto control and potential voting rights are

taken into account, if they are real and substantial at the balance date.
Companies in which the Group exercises a significant, but not controlling influence on the operational and financial decisions are classified as associates. A significant influence exists when the Group directly or indirectly owns or disposes of more than 20%, but less than 50%, of the voting rights.

Joint arrangements are activities or companies in which the Group through collaboration agreements with one or more parties has a joint controlling influence. Joint controlling influence means that decisions about the relevant activities require unanimity among the parties who have the joint controlling influence.
Joint arrangements are classified as joint ventures or joint operations. Joint operations are defined as activities where the participants enjoy direct rights to assets and are directly liable for liabilities, whereas joint ventures are defined as activities where the participants have rights to the net assets only.

Dividend payments of earnings in subsidiaries and joint ventures are recognized as income in the income statement of the parent company in the financial year in which they are. declared. If dividends exceed the comprehensive income of the subsidiary or joint venture, an impairment test is conducted.

Joint ventures with a negative net asset value are measured at DKK 0. If the Company has a legal or actual liability to cover the shortfall in the joint venture, this is included under liabilities.

Impairment testing of non-current assets

The carrying amount of non-current assets is tested annually for indicators of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or the cash-generating unit to which the asset belongs. An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. The impairment loss is recognized in the income statement.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realizable value.
Finished goods, goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realizable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Construction contracts

Construction contracts are measured at the selling price of the work performed less progress billings and anticipated losses. Construction contracts entail a significant degree of design customization of produced goods. Moreover, before the work is commenced, a binding agreement must have been entered into to the effect that penalties covering at least costs incurred will be enforced if the contract is subsequently terminated.
The selling price is measured by reference to the percentage of completion at the end of the reporting period and total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of specific cost drivers costs incurred for work performed to date relative to the total estimated contract costs.
When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is recognized as an expense and a provision immediately. When income and expenses on a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable. Where the selling price of work performed exceeds progress billings on construction contracts and anticipated losses, the excess is recognized under receivables. If progress billings and anticipated losses exceed the selling price of a construction contract, the deficit is recognized under liabilities. Prepayments from customers are recognized under liabilities. Selling costs and costs incurred in securing contracts are recognized in profit or loss as incurred.

Receivables

Receivables are measured at amortized cost. Write-down is made for bad debt losses where there is an objective indication that an individual receivable or a portfolio of receivables has been impaired. Write-down is made at an individual level. Impairment losses are calculated as the difference between the carrying amount of the receivable and the present value of the expected cash flows, including the realisable value of any collateral received.

Prepaid expenses

Prepaid expenses are measured at cost.

Equity

Dividends

Proposed dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). Proposed dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognized in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized under other non-current assets at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.
Deferred tax assets are subject to annual impairment tests and are recognized only to the extent that it is probable that the assets will be utilized. Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realize the assets and settle the liabilities simultaneously.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the end of the reporting period when the deferred tax is expected to crystallize as current tax. Changes in deferred tax due to changes in the tax rate are recognized in comprehensive income for the year.

Provisions

Provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognized as a provision is Management's best estimate of the expenses required to settle the obligation.

Financial liabilities

Amounts owed to mortgage credit institutions, etc., are recognized at the date of borrowing at fair value less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement as finance costs over the term of the loan. Other financial liabilities are measured at amortized cost.

Cash flow statement

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

Cash flows from operating activities are reported using the indirect method whereby the profit/loss after tax is adjusted for non-cash operating items, changes in working capital, interest, payments, dividends and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and of intangible assets, property, plant and equipment and other non-current assets.

Cash flows from financing activities comprise changes in the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders. Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

Definitions of financial ratios are shown on page 58.

2 Accounting estimates and judgements

Estimation uncertainty

Determination of the carrying amount of certain assets and liabilities requires judgements, estimates and assumptions concerning future events.

The estimates and assumptions are based on historical experience and other factors which Management assesses to be reliable in the circumstances, but which by their nature are associated with uncertainty and unpredictability, as unexpected events or circumstances may occur. Furthermore, the Company is exposed to risks that may lead to actual results differing from these estimates.

Specific risks for Bladt Industries A/S are discussed on pages 24-25.

Estimates of particular importance to the financial reporting relate primarily to constructions contracts including recognition and measurement of contract variations. See description below.

Construction contracts

An important precondition for applying the percentage of completion method when recognizing revenue is that income and expenses from the individual construction contracts can be measured reliably. Expected income and expenses on the construction contracts may, however, change during the project period. Similarly, changes may be made during the construction phase in the contractual basis, and assumptions etc. may not be fulfilled.

The selling price of construction contracts is measured by reference to the stage of completion at the balance sheet date and total expected income from the individual contract. The stage of completion is determined on the basis of an assessment of the work performed and will normally be subject to accounting estimates made by Management.

Variation orders related to instructions from customers on changes in scope, specifications, designs or duration of the contract are included in revenue, when it is probable, that the customer will pay and revenue can be reliably measured. Assumptions made by management in this area involves estimation uncertainty.
Significant amounts of variation orders are recognized in the annual accounts as of 31 December 2016 in accordance with applied accounting policies. Receivables concerning disputed variations constitute a substantial part of receivables due cf. note 24. Although key assumptions are supported by assessments of external expert advisers, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions made, could require a positive or negative material adjustment to the carrying amount of the asset affected.

The business procedures etc. of Bladt Industries A/S combined with the knowledge and experience of the project manager contribute to reliable accounting treatment of construction contracts in accordance with the accounting policies.

3

Staff costs

DKK'000	2016	2015
Wages and salaries	309,263	289,343
Defined contribution plans	24,344	22,498
Other social security costs	6,916	5,747
Total staff costs	**340,523**	**317,588**
Total average number of employees	**638**	**586**

Staff costs are recognized as follows in the income statement:		
Production costs	312,919	291,098
Distribution costs	7,834	5,448
Administrative expenses	19,770	21,042
	340,523	**317,588**

Of this figure, consideration for:		
Remuneration, Board of Directors	735	752
Remuneration, Executive Board	6,816	6,662
Remuneration, Executive Board, pension contributions	375	336
	7,926	**7,750**

Management's remuneration has been stated in accordance with the Danish Financial Statements Act, §98b, 3.
The Executive Board has, further to the above, been paid special bonuses with DKK 1,500 thousand in 2016 (2015 DKK 3,000).

4

Amortization of intangible assets and depreciation of property, plant and equipment

DKK'000	2016	2015
Depreciation of property, plant and equipment, see note 10	32,675	34,515
Amortization of other intangible assets, see note 9	1,635	1,234
Profit from sale of property, plant and equipment	-204	-317
	34,106	**35,432**
Depreciation is recognized as follows in the income statement:		
Production costs	33,532	35,066
Administrative expenses	574	366
	34,106	**35,432**

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Fees paid to auditors appointed at the annual general meeting

DKK'000	2016	2015
Total fee for PwC is specified as follows:		
Statutory audit	419	365
Tax and VAT assistance	186	94
Other assistance	361	485
	966	**944**

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Financial income

DKK'000	2016	2015
Dividend	1,180	0
Interest, group enterprises	1,124	225
	2,304	**225**
Interest on financial assets measured at amortized costs	**2,304**	**225**

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Financial expenses

DKK'000	2016	2015
Interest, banks, etc.	3,343	1,567
Interest, group enterprises	579	426
	3,922	**1,993**
Interest on financial liabilities measured at amortized costs	**3,922**	**1,993**

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Tax on profit for the year

DKK'000	2016	2015
Tax on profit for the year is specified as follows:		
Current tax	34,625	31,934
Deferred tax	-8,283	-9,605
	26,342	**22,329**

Tax on profit/loss for the year is specified as follows:		
22,0/23.5% tax on profit for the year before tax	24,908	20,160
The tax effect of:		
Non-deductible costs	1,599	4,129
Impact of change in the Danish tax rate	-165	-1,960
	26,342	**22,329**
Effective tax rate	**23.3 %**	**22.0 %**

9

Other intangible assets

DKK'000	Other Intangible assets
Cost at 1 January 2016	4,050
Additions	1,591
Cost at 31 December 2016	**5,641**
Depreciation and impairments at 1 January 2016	1,373
Depreciation	1,635
Depreciation and impairments at 31 December 2016	3,008
Carrying amount at 31 December 2016	**2,633**

DKK'000	Other Intangible assets
Cost at 1 January 2015	3,353
Additions	697
Cost at 31 December 2015	**4,050**
Depreciation and impairments at 1 January 2015	139
Depreciation	1,234
Depreciation and impairments at 31 December 2015	1,373
Carrying amount at 31 December 2015	**2,677**

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Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Assets under construction	Total
Cost at 1 January 2016	359,578	15,362	0	374,940
Additions	14,374	1,374	0	15,748
Disposals	-2,174	-1,023	0	-3,197
Cost at 31 December 2016	371,778	15,713	0	387,491
Depreciation and impairment at 1 January 2016	210,232	11,726	0	221,958
Depreciation	31,356	1,319	0	32,675
Disposals	-2,099	-900	0	-2,999
Depreciation and impairment at 31 December 2016	239,489	12,145	0	251,634
Carrying amount at 31 December 2016	**132,289**	**3,568**	**0**	**135,857**

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Assets under construction	Total
Cost at 1 January 2015	340,257	14,882	191	355,330
Additions	21,406	2,517	0	23,923
Transferred	191	0	-191	0
Disposals	-2,276	-2,037	0	-4,313
Cost at 31 December 2015	359,578	15,362	0	374,940
Depreciation and impairment at 1 January 2015	179,227	12,210	0	191,437
Depreciation	33,235	1,280	0	34,515
Disposals	-2,230	-1,764	0	-3,994
Depreciation and impairment at 31 December 2015	210,232	11,726	0	221,958
Carrying amount at 31 December 2015	**149,346**	**3,636**	**0**	**152,982**

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Investments in subsidiaries

DKK'000	2016	2015
Cost at 1 January	1,731	1,731
Additions	66	0
Cost at 31 December	1,797	1,731
Carrying amount at 31 December	**1,797**	**1,731**

Investments in subsidiaries are measured at cost in connection with the Company's transition to financial reporting according to IFRS. The carrying amount of the investments is used as new cost price calculated according to the previous accounting policies at 1 January 2011.

DKK'000	Registered	Equity		Profit for the year		Ownership	
Name	office	2016	2015	2016	2015	2016	2015
Bladt Industries Offshore Wind Germany GmbH	Germany	1,887	2,179	-285	0	100 %	100 %
Bladt Industries Polska Sp. z o.o.	Poland	10,002	11,341	1,742	2,648	90 %	70 %

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Investments in joint ventures

The company participates in Bladt//EEW Offshore Wind Foundation Group I/S and Bladt//EEW Offshore Wind Foundation Group, Gwynt y Môr I/S, Bladt EEW Offshore Wind Foundation Group, Baltic 2 GbR, Bladt/EEW Offshore foundation Group Baltic 2 I/S and Offshore Structures (Britain), ltd.

All of the above enterprises are considered joint ventures as none of the parties exercise control over them. All material decisions of the enterprises require consensus. The contractual circumstances of the enterprises imply that the parties to the arrangements only have rights to the net assets and, consequently, they are to be treated as joint ventures.

Reference is made to the group chart on page 60 for a view of ownership shares and registered offices. All joint ventures are individually considered immaterial. The financial information for these joint ventures, that are accounted for using the equity method has been summarized below.

DKK'000	2016	2015
Cost at 1 January	40,212	0
Additions	0	40,212
Cost at 31 December	40,212	40,212
Adjustments 1 January	-15,900	0
Profit and loss after tax	-8,430	-15,900
Exchange rate adjustment	-1,225	0
Adjustments 31 December	-25,555	-15,900
Carrying amount at 31 December	**14,657**	**24,312**

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Inventories

DKK'000	2016	2015
Raw materials and consumables	4,511	5,082
Finished goods and goods for resale	212	203
	4,723	**5,285**

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Receivables

DKK'000	2016	2015
Trade receivables	1,161,776	930,161
Receivables from joint ventures	59,030	45,485
Other receivables	10,899	36,649
	1,231,705	**1,012,295**

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Construction contracts

DKK'000	2016	2015
Selling price of construction contracts	1,439,430	1,783,152
Total progress billing	-1,555,201	-1,925,315
Net value of construction contracts	**-115,771**	**-142,163**
Specified as follows		
Construction contracts (asset)	109,811	35,816
Prepayments received from customers (liability)	-225,582	-177,979
	-115,771	**-142,163**

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Prepaid costs

DKK'000	2016	2015
Rent	21,172	23,819
Other adjustments	647	2,991
	21,846	**26,810**

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Equity

Capital management

The Company assesses the need for adjusting its capital structure regularly to balance the required higher return on equity against the higher degree of uncertainty of external financing. The Company focuses on having a high equity ratio and ample cash resources to ensure as much scope for financial action as possible.

Share capital

The share capital comprises one share at a nominal value of DKK 20,000 thousand (2015: DKK 20,000 thousand) one share at a nominal value of DKK 9,160 thousand (2015: DKK 9,160 thousand) and one share at a nominal value of DKK 14,840 thousand (2015: DKK 14,840 thousand). There are no restrictions on voting rights.

Dividend

On 3 June 2016 Bladt Industries A/S paid DKK 45,000 thousand in dividend to Bladt Industries Holding A/S. On 30 June 2015 Bladt Industries A/S paid DKK 50,000 thousand in dividend to Bladt Industries Holding A/S. The paid dividends to the shareholders has no tax consequences to Bladt Industries A/S.

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Deferred tax

DKK'000	2016	2015
Deferred tax at 1 January	32,820	42,425
Adjustment to prior year	2,584	0
Adjustment regarding equity transactions	-1.831	0
Deferred tax for the year is recognized in profit for the year	-8,283	-9,605
Deferred tax at 31 December	**25,290**	**32,820**
Deferred tax is recognized in the balance sheet as follows:		
Deferred tax (liability)	25,290	32,820
Net deferred tax at 31 December	**25,290**	**32,820**
Deferred tax relates to:		
Property, plant and equipment	10,984	11,645
Construction contracts	16,137	21,175
Adjustment regarding equity transactions	-1.831	0
	25,290	**32,820**

There are unrecognized tax loss carry forwards of DKK 723 thousand at 31 December 2016 (DKK 965 thousand at 31 December 2015) relating to depreciation for tax purposes of certain operating equipment. Of the deferred tax DKK 16,137 thousand (2015: DKK 21,175 thousand) are expected to be current tax within 1 year.

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Provisions

Other provisions comprise anticipated warranty costs.
Provisions are determined based on past experience with warranty work.

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Corporation tax

DKK'000	2016	2015
Corporation tax payable at 1 January	31,934	-4,451
Adjustment to prior year	-2,584	0
Current tax for the year	34,625	31,934
Corporation tax received/paid during the year	-29,350	4,451
Corporation tax payable at 31 December	**34,625**	**31,934**

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Other liabilities

DKK'000	2016	2015
Amounts owed to group enterprises	15,599	11,776
Other payables	116,309	110,009
	131,908	**121,785**

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Contingent liabilities and collateral

Contingent liabilities

DKK'000	2016	2015
Guarantees relating to performance, payment, advance payment and suppliers	1,476,033	1,288,365
Deposit guarantee	24,967	24,967

The Company participates in Bladt/EEW Offshore Wind Foundation Group I/S by 50% and is liable in this connection for performance guarantees amounting to DKK 0 thousand (2015: DKK 36.746 thousand) (2015: 50% of DKK 73,492 thousand).

The Company also participates in Bladt/EEW Offshore Wind Foundation Group Gwynt y Môr I/S by 50%, Bladt/EEW Offshore Wind Foundation Group Baltic 2 GbR by 50%, Bladt/EEW Offshore Wind Foundation Group Baltic 2 I/S by 50% and Bladt/EEW Offshore Wind Foundations Group Veja Mate GbR.

Collateral

Subject to standard reservations for legal restrictions, the company is a guarantor of loan agreements in other group companies.

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Changes in working capital

DKK'000	Note	2016	2015
Net change in construction contracts	15	-26,392	111,055
Change in inventories	13	562	-930
Changes in receivables	14,16	-214,446	-23,168
Changes in trade and other payables		194,935	-319,106
		-45,341	**-232,149**

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Financial risks and financial instruments

The Company's risk management policy

Due to its operating, investment and financing activities Bladt Industries A/S is only subject to limited exposure to financial risks, including market risks (currency risks, interest risks and raw material risks), credit risks and liquidity risks.
The Company's financial risk management is centralized. Management monitors the company's risk concentration on monthly basis within areas such as customers, geographical areas, currencies, etc.

The Company's policy is not to engage in active speculation in financial risks. The Company's risk management aims solely at managing and reducing the financial risks arising directly from the Company's operations, investments and financing.

In 2016 the Company has entered into contracts of hedging the currency exposure on fair value and future cash flows. The Company did not make use of derivatives financial instruments as part of its risk management in 2015.

Market risks

Currency risks

The Company's sale abroad is primarily made in the currency of the customer, which is mainly EUR. The Company's suppliers are paid in EUR and DKK primarily, which means that fluctuations in other currencies will generally not affect the profit of the Company. The Company uses natural hedges for its currency exposure considering projected future cash flows and projected future exchange rate movements. Currency transactions are not made for speculation purposes.

The hypothetical effect on profit for the year and equity based on reasonably probable changes in foreign exchange rates:

2016

	Nominal position				Sensitivity		
DKK'000	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments hedging fair value	Total	Probable changes in foreign exchange rates	The hypothetical effect on profit for the year	The hypothetical effect on equity
EUR/DKK	709,138	415,694	0	293,444	0 %	0	0
GBP/DKK	64,357	605	52,533	11,219	20 %	1,750	1,750
PLN/DKK	37,267	39,501	0	-2,234	10 %	-174	-174
NOK/DKK	187	100	0	87	10 %	7	7
SEK/DKK	0	12	0	-12	10 %	-1	-1
	810,949	**455,912**	**52,533**	**302,504**			

2015

	Nominal position				Sensitivity		
DKK'000	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments hedging fair value	Total	Probable changes in foreign exchange rates	The hypothetical effect on profit for the year	The hypothetical effect on equity
EUR/DKK	744,711	280,439	0	464,272	0 %	0	0
GBP/DKK	54,455	0	0	54,455	10 %	4,166	4,166
PLN/DKK	1,521	8,518	0	-6,997	10 %	535	535
USD /DKK	410	0	0	410	15 %	47	47
NOK/DKK	107	2	0	105	15 %	12	12
	801,204	**288,959**	**0**	**512,245**			

Sensitivity analysis assumptions

- The sensitivity stated is calculated based on the assumption of unchanged sales, price level and interest rate level.
- The sensitivity related to financial instruments is calculated based on the financial instruments recognized at 31 December.
- The calculated, expected fluctuations are based on the average annual volatility of the underlying risks.

A corresponding negative movement in exchange rates will have a corresponding opposing effect on the profit/loss for the year and equity.

Financial risks and financial instruments (continued)

Interest rate risks

Financing activities
The Company is not subject to any significant accounting exposure to interest level changes as the Company does not have any significant interest-bearing external debt.

Investing activities
The Company's cash funds are placed as demand deposits.

Raw material risks
The Company uses raw materials in the form of steel when producing the Company's products.
In relation to significant purchases, the price risk is hedged by making binding agreements about purchases when entering into sales contracts.

Liquidity risks
For raising of loans it is company policy to ensure as much flexibility as possible. The Company's cash reserves consist of committed credit facilities of DKK 310 million of which DKK 72 million was drawn (DKK 47 million drawdown as bank debt and DKK 25 million drawdown as guarantees for real estate rental deposits). Cash reserves thus total DKK 237 million at 31 December 2016 (DKK 218 million at 31 December 2015).

With the credit facilities available, in the management's opinion, liquidity is adequate according to the budget for 2017.

The Company has interest-bearing liabilities of 47 million in 2016 (66 million in 2015). Short-term liabilities appear from the balance sheet and fall due for payment within one year. Liabilities under operating leases are disclosed in note 25.
Based on the Company's expectations for its future operations and the Company's current cash resources, no significant liquidity risks have been identified.

Credit risks
Efforts are made to minimize risks related to giving credit by effective credit management and by establishing alternative collateral in the event of large receivables.

Bank deposits
Credit risks on bank deposits arise when it is uncertain whether the counterparty will be able to meet its obligations when due. The company policy for credit risk management means that the Company's financial cooperation partners' credit ratings are monitored continuously. The Company only places bank deposits with large reputable banks.

Trade receivables
The Company's policy for undertaking credit risks means that all major customers are credit rated before contracts are entered and then on a regular basis. If satisfactory certainty is not achieved at the credit rating of the customer, separate collateral is required for the sale.

Bladt Industries A/S regularly receives milestones payments as the construction contracts are carried out, which reduces the credit risk.

The Company does not have any significant risks relating to individual customers or cooperation partners and historically the Company has not experienced any significant losses on trade receivables.

Financial risks and financial instruments (continued)

The maturity of trade receivables is specified as follows:

DKK'000	2016	2015
Receivables not due	767,897	283,474
Maturity period:		
Up to 30 days	2,620	228,540
Between 30 and 90 days	1,251	3,911
More than 90 days	390,008	414,236
	1,161,776	**930,161**

None of the trade receivables were impaired at 31 December 2016 or 31 December 2015. Losses have not been realized in 2016 or 2015 on trade receivables nor have they been written down. Please also refer to note 2.

Categories of financial instruments

DKK'000	Note	2016		2015	
		Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	14	1,161,776	1,161,776	930,161	930,161
Other receivables	14	10,899	10,899	36,649	36,649
Amount owed by group enterprises	14	59,030	59,030	45,485	45,485
Loans granted and receivables		**1,231,705**	**1,231,705**	**1,012,295**	**1,012,295**
Trade payables		620,316	620,316	428,405	428,405
Bank debt		47,159	47,159	66,220	66,220
Amounts owed to group enterprises	21	15,599	15,599	11,776	11,776
Other payables	21	116,309	116,309	110,009	110,009
Financial liabilities measured at amortized cost		**799,383**	**799,383**	**616,410**	**616,410**

Receivables and payables with short credit periods are assessed to have a fair value equivalent to the carrying amount. The fair value of the derivative financial instruments included in other receivables and other payables has been determined on observable market data. This is a level 2 fair value measurement. The inputs used for other fair value measurements, including derivative financial instruments are primarily level 2 inputs.

Input used is classified in accordance with the following hierarchy:
Level 1: quoted prices in active markets for identical liabilities.
Level 2: inputs other than quoted prices that are observable, either directly or indirectly
Level 3: Inputs that are not based on observable market data.

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Operating leases

The Company leases properties and operating equipment under operating leases. None of the leases include conditional rent. Interminable operating leases relate primarily to rent obligations and fall due as follows:

DKK'000	2016	2015
0-1 year	13,794	13,343
1-5 years	53,835	53,375
> 5 years	40,031	53,375
	107,660	**120,093**

For 2016, DKK 13,794 thousand (2015: DKK 13,343 thousand) were recognized regarding operating leases.

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Related parties

Bladt Industries A/S has registered the following shareholders holding 5% or more of the share capital:

- Bladt Industries Holding A/S, Aalborg

The parent company, Bladt Industries Holding A/S and the ultimate parent company Nordic Capital Fund VII Ltd., Jersey, has control.

Apart from distribution of dividends of DKK 45,000 thousand (2015: DKK 50,000 thousand), there have been no transactions with these related parties.

Senior executives

Key Management include the Group's Board of Directors, Executive Board and senior executives and their close family members. Companies over which such persons exercise control or joint control are also considered related parties.

Key Management's remuneration is disclosed in note 3. There have been no other transactions.

Subsidiaries

Transactions with subsidiaries, see note 11, have been as follows:

DKK'000	2016	2015
Purchase of services	12,572	18,021

Amounts owed by and to subsidiaries are shown in notes 14 and 21, and interest on these is disclosed in note 6 and 7.

Joint ventures

Moreover, related parties include joint ventures, see "Group Structure" on page 59 in which Bladt Industries A/S has a significant influence.
Transactions with joint ventures have been as follows:

DKK'000	2016	2015
Sale of services	628,104	169,612
Purchase of services	134,605	0

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Events after the balance sheet date

No significant events have occurred after 31 December 2016.

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New accounting regulations

New standards, amendments and interpretations adopted by Bladt Industries A/S.

The following standards have been applied by Bladt Industries A/S for the financial year 2016:

- Amendments to IAS 1: Disclosure initiative. The key changes are materiality, disaggregation and subtotals, notes and disclosure of accounting policies etc.
- Annual Improvements to IFRSs (2012-2014): These annual improvements include a number of minor changes to IFRS 5, IFRS 7, IAS 19 and IAS 34.
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IAS 16/IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Bladt Industries A/S has assessed that the new standards and amendments to standards and interpretations effective for annual periods beginning after 1 January 2016, are neither relevant or have no significant effect on the financial statements of Bladt Industries A/S.

New standards, amendments and interpretations not yet effective

A number of new standards and amendments to standards and interpretations that would be relevant for Bladt Industries A/S has been adopted by IASB and endorsed by EU. These standards are not yet effective and will be applied when they become effective for Bladt Industries A/S.

None of these is expected to have a significant effect on the financial statements of Bladt Industries A/S.

- IFRS 9: Financial Instruments. The standard replaces IAS 39, Financial instrument, recognition and measurement. It has three classification categories for debt instruments: amortized cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification under IFRS 9 for debt instruments is driven by the entity's business model for man-aging the financial assets and whether the contractual cash flows represent solely payments of principal and interest ('SPPI'). Equity investments which do not form part of the trading portfolio can be irrevocable designated at fair value through other comprehensive income. Further, a new impairment model for debt instruments not measured at fair value through profit or loss, based on expected losses. A new hedge accounting model is introduced under which the qualifying criteria are adjusted so as to better align with risk management practices.

Bladt Industries A/S does not expect any significant impact on its accounting policies from adoption of IFRS 9.

- IFRS 15: Revenue from Contracts with Customers – Including amendments to IFRS 15: Effective date of IFRS 15. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The principle is applied to each individual performance obligations identified in the contract. The assessment as to whether the standard will be of importance to the presentation of future financial statements has not yet been finalized.

IASB has issued the following amendments or interpretations that are relevant to Bladt Industries, but not yet endorsed by EU:

- IFRS 16: Leases. The amended standard changes the rules of the accounting treatment of operating leases by the lessee. In future, operating leases are therefore to be recognized in the balance sheet with an asset and a corresponding lease commitment. The standard has not yet been adopted by the EU and will become effective for financial years beginning on or after 1 January 2019. The standard will affect the balance sheet, financial ratios, etc. to a limited extent. Reference is made to note 23 for a description of the extent of operating leases.

- Amendments to IFRS 10/IAS 28: Sale or contribution of Assets between an Investor and its Associate or Joint Venture.

These standards and interpretations will be applied, when they become effective. None of these are expected to have a significant effect on the financial statements of Bladt Industries A/S.

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Definitions of financial ratios

The financial ratios stated in the annual report have been calculated as follows:

Operating margin

$$\frac{\text{Operating profit x 100}}{\text{Revenue}}$$

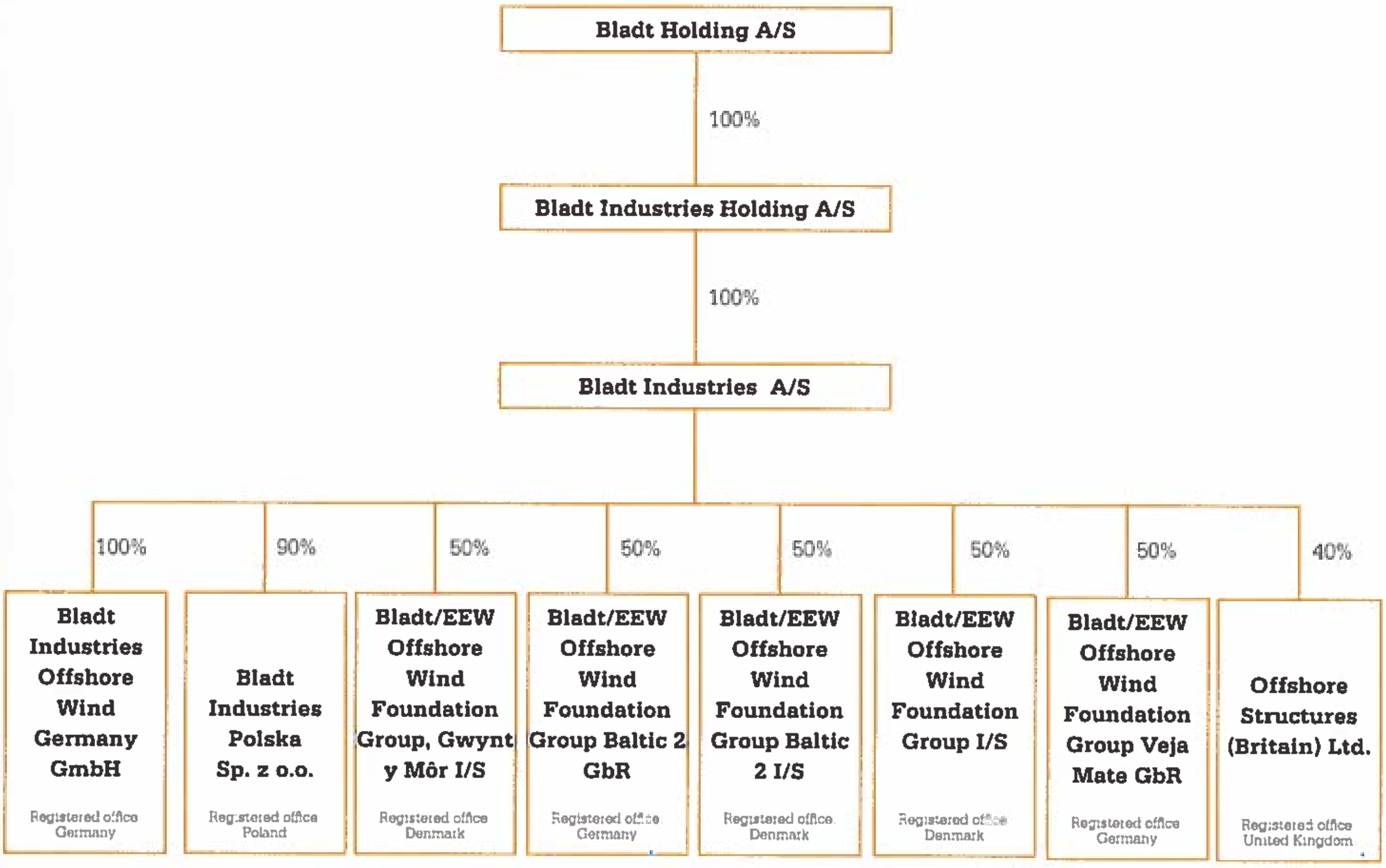
Solvency ratio

$$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Return on equity

$$\frac{\text{Operating profit x 100}}{\text{Average equity}}$$

Group Structure

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