



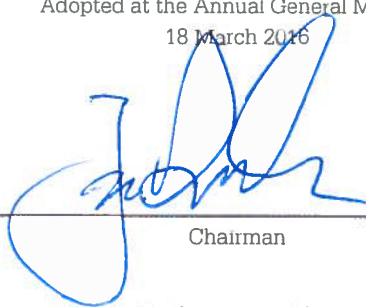
# annual report 2015

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

CVR-nr. 14 81 84 80

Adopted at the Annual General Meeting

18 March 2016



Chairman





Path Bridge, Odense, Denmark



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**we  
care**

Work on site in Aalborg

# We Build the Future

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

**Wind and renewable energy** is the business area which also in 2015 has seen the highest activity level. We have operated within this area since 2002 and the number of executed projects has grown continuously – 2015 has been no exception. We continue to be market leaders within project management and production of foundations and substations for offshore wind farms. In total, our reference list now counts 15 substations and more than 1,400

foundations.

**The oil and gas industry** is a business we have been working within for more than 40 years. We are able to provide complex steel structures as modules, topsides, jackets and suction anchors and have deep industry knowledge from our long track record.

**The infrastructure market** is the business area where the story of Bladt Industries as a steel contractor started 50 years ago. Our infrastructure division works with various steel related projects each with their special challenges – from bridges, steel tanks and buildings to harbor





and marine facilities. During 2015, the business has developed from pure steel contracts into taking on selected turnkey contracts, which also include concrete, excavation works etc.

**Our employees** are the key to ensure optimal project execution. The qualifications and dedication of our employees are the backbone of the continued development of Bladt Industries. In 2015, Bladt Industries continued and accelerated the strengthening of our organization.

**Our facilities** form a large part of our ability to play a leading role in the offshore business. Our two production facilities in Denmark and the newly established production facility in the

UK all have direct access to seaways.

**Quality** is paramount for our clients as well as for us. It is part of the “Bladt DNA” to deliver high-quality steel constructions to our clients.

**Safety in focus** is no news at Bladt Industries. However, during 2015 this focus has been intensified further decreasing LTIF numbers. In 2016, we will strengthen our safety first resolve even further.

**Our clients** are the source of our success. We aim to be trusted partners for our clients and to continue to meet and exceed their demands.

# Management Review

## Financial Highlights

DKK <b>m</b>	2015	2014	2013	2012	2011
<b>Key figures</b>					
Revenue	2,949.5	3,201.3	2,967.6	2,270.4	1,708.0
Gross profit	138.3	19.8	268.5	239.7	182.6
Earnings before interest, tax, depreciation, and amortization (EBITDA)	138.9	23.9	269.6	238.3	180.7
EBITDA excl. one-off items*	153.3	29.4	272.8	248.8	180.7
Earnings before interest and tax (EBIT)	103.5	-8.5	243.7	217.2	163.7
Profit/loss from financial income and expenses	-17.7	-2.3	0.4	-0.5	0.5
Profit for the year	63.5	-6.7	186.2	162.9	123.1
Non-current assets	181.7	168.8	154.4	137.8	107.7
Current assets	1,080.2	1,292.0	875.3	539.3	555.2
Total assets	1,261.9	1,460.8	1,029.7	677.1	662.9
Equity	401.8	388.3	445.1	310.9	228.0
Non-current liabilities	33.8	42.6	58.9	55.2	73.5
Current liabilities	826.3	1,029.9	525.7	311.0	361.4
Net cash (net of interest bearing debt)	-66.2	137.8	157.1	161.4	100.6
Investment in property, plant, and equipment	24.0	44.0	42.6	51.8	26.2
Investment in joint ventures (shares)	40.2	0.0	0.0	0.0	0.0
Cash flows from operating activities	-89.8	77.6	90.1	192.0	43.4
Cash flows from investing activities	-64.2	-46.9	-42.4	-51.2	-26.0
Free cash flows	-154.0	30.7	47.7	140.8	17.4
<b>Financial ratios</b>					
Operating margin	3.5	-0.3	8.2	9.6	9.6
Solvency ratio	31.8	26.6	43.2	45.9	34.4
Return on equity	26.2	-2.0	64.5	80.6	98.8
Average number of employees	586	628	587	461	403

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 57, note 29.

\* Reconciliation of one-off items to internal reporting



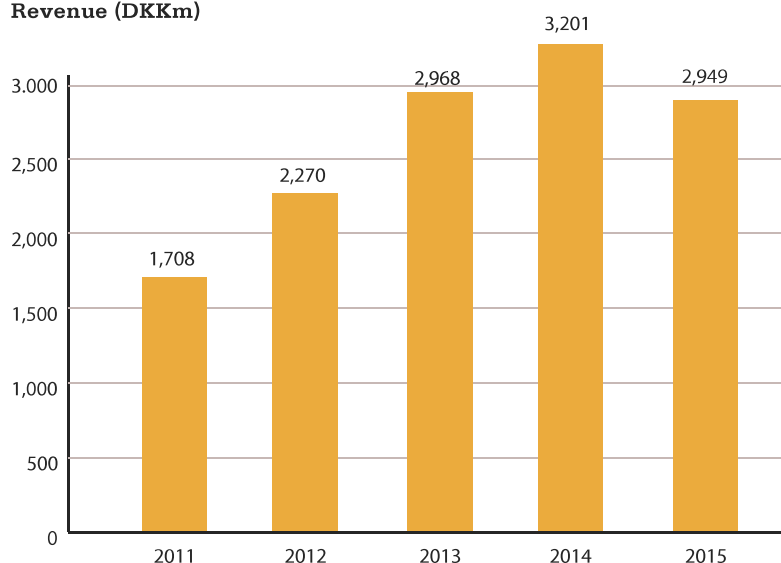
## Maturing Offshore Wind

The financial performance of Bladt Industries stabilized in 2015 after a challenging 2014. This was driven by strong execution of the project portfolio which in 2015 included five offshore wind turbine foundations projects, three offshore wind substation projects as well as numerous infrastructure projects. While revenues declined to DKK 2,950 million in 2015 from the highest level ever recorded in 2014 (DKK 3,201 million), earnings before interest and tax increased significantly to DKK 103 million (2014: DKK -8 million), in line with expectations and satisfactory for the year.

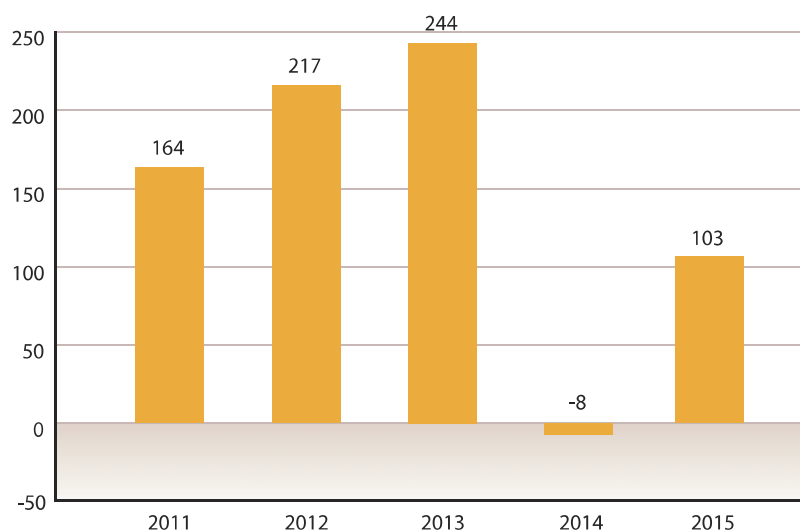
The projects executed in 2015 included the finalization of the offshore wind turbine foundations for the Gode Wind 1 and 2 (monopiles and transition pieces) and the Sandbank (transition pieces) offshore wind farms. Additionally, significant projects extend beyond 2015 including the offshore wind turbine foundations for the Wikinger (jackets), the Veja Mate (transition pieces) and the Burbo Bank Extension (transition pieces) offshore wind farms, and the substations for the Nordsee One, Sandbank and Bligh Bank offshore wind farms. Supplementing these projects are numerous infrastructure projects including for instance specialized building steel and bridges in Scandinavia.

In 2015, Bladt Industries continued and accelerated the development of its organization and business systems within key areas such as project management, OHSE, planning, contract management and operations. This, combined with Bladt Industries' experience with our target market segments, ensured that the projects were delivered on time, on spec and without any significant HSE incidents. During 2015, Bladt Industries also worked to renew its strategy – a process which continues into 2016. Bladt Industries will take

Revenue (DKK m)



EBIT (DKK m)



on a key role in ensuring that offshore wind foundations and substations will support the long term industry objective of maturing the offshore wind industry and significantly reducing the cost of energy.

2015 also included two other landmarks for Bladt Industries. In March, the 50<sup>th</sup> anniversary of Bladt Industries was celebrated with clients, partners, stakeholders and employees. In September, Offshore Structures (Britain) Limited, the joint venture production facility in the UK, was officially opened, already producing its first major offshore wind foundations.

### Jackets required

Monopile-transition piece type foundations continue to be the dominating foundation type for offshore wind turbines. Bladt Industries is one of the recognized market leaders within monopile-transition piece type foundations for offshore wind. During 2015, Bladt Industries completed the construction and delivery of 97 so-called XL monopiles and transition pieces for the Gode Wind 1 and Gode Wind 2 offshore wind farms. Additionally, Bladt Industries has produced transition pieces for a number of further offshore wind farms during 2015.

Jacket foundations are the main alternative foundation type for offshore wind turbines, particularly well suited for offshore wind farms in deeper waters and with large turbines. As such, the market for jackets for offshore wind turbines is expected to grow

gradually during the coming years – although monopile-transition piece type foundations are expected to be the most prevalent foundation type. Beyond the next years, jackets are, however, expected to play a large role, especially with the next generation of even larger offshore wind turbines. Bladt Industries is strongly positioned to drive and capture the growth in the jacket foundation market.

In 2015, Bladt Industries solidified its role as the market leader also within jacket foundations for offshore wind turbines. As the first ever fabricator, Bladt Industries is executing back-to-back orders for serial produced jacket foundations for offshore wind with the order for 41 jacket foundations for the Wikingen offshore wind farm. The production of the jacket foundations for Wikingen commenced in the spring of 2015 and will continue in 2016. The production takes place at Bladt Industries' facility at Lindoe Industrial Park and builds on the production in 2013 and 2014 of 41 jacket foundations for another wind farm. This experience in serial production of jacket foundations is unparalleled and the Lindoe site is unique in Northern Europe and very well suited for jacket serial production.

Going forward, Bladt Industries will leverage the experience and track record in serial production of jacket foundations by working with offshore wind farm developers, installers and other stakeholders to significantly increase the cost competitiveness of jacket foundations through design

optimizations, production automation, robotization of welding and standardization.

### Market developments

The offshore wind market was roughly flat in 2015 compared to 2014 after a number of years with significant growth. Looking ahead, growth is expected in terms of gigawatts installed, among other things, driven by an increased availability of project finance capital which is increasingly replacing the traditional utility equity financing in the market.

As expected, The North Sea offshore oil and gas market shrunk during 2015 due to low and decreasing oil prices. The low oil prices primarily impact activity related to new offshore oil and gas fields and to a lesser degree upgrade and maintenance of existing fields. As oil prices are expected to remain low, the activity level in 2016 within offshore oil and gas is also expected to be low.

The market for steel related infrastructure projects in the Nordic countries is by and large driven by the level of general economic activity in the area and as was the case in 2015, some market growth is thus expected in 2016.

### The next level

During 2015, Bladt Industries continued and accelerated the strengthening of its organization, systems and processes. This has contributed to the stabilization of the financial results in 2015 compared to 2014. It has also



Godewind foundations, Germany



further enhanced the performance within areas such as planning, health and safety, as well as legal and financial risk management. Coupled with Bladt Industries' strong skills in project execution, this forms the basis of making Bladt Industries a trustworthy partner for the entire industry – also as demands from customers and other stakeholders are increasing.

Bladt Industries is in the process of updating its strategy for the years to come. The new strategy will be finalized in 2016 and will build on the developments mentioned above to further develop Bladt Industries into taking an important role in maturing the offshore wind industry and support the industry objective of reducing the cost of energy. This entails working with design and supply chain improvements as well as automation, robotization and standardization to lower costs of wind turbine foundations and substations together with customers, suppliers and industry stakeholders. Not only the steel structures of Bladt Industries are built to last, Bladt Industries also wants to play a key role in ensuring that the entire offshore wind industry is built to last. The long term objective of the industry shall be to become subsidy-free. Also, Bladt Industries will enhance its market leader position by being a one-stop-shop for offshore foundations via own production and with selected contracting.

To support the development of the offshore wind industry, Bladt Industries together with the German company EEW Special Pipe Construction GmbH (EEW SPC) have established a production facility in the UK for offshore steel structures – particularly offshore wind turbine foundations. The joint company is called Offshore Structures (Britain) Limited and the production facility is located at the River Tees in the Northeastern part of the UK. During 2015, Bladt Industries and EEW SPC jointly invested in taking over and developing the site and the production equipment. In September 2015, the official opening of the production facility took place

and it is already producing offshore wind foundations for the Burbo Bank Extension project employing more than 100 employees. The investment into the UK represents a landmark for the UK supply chain for offshore wind. The speed and timing of further investments into the site will depend on the market developments in the UK and elsewhere in Europe and on the number and timing of contracts awarded.

In addition to the investments into the UK, Bladt Industries has continued to invest in the development of the production sites in Denmark – Aalborg and Lindoe.

In March of 2015, Bladt Industries celebrated its 50<sup>th</sup> anniversary. 1965 to 2015 has been an extraordinary journey - always with a focus on large and complex steel structures and strong project execution. The ongoing strengthening of Bladt Industries' organization, systems and processes and the updated strategy will be the outset for the next 50 years of Bladt Industries.



Work on site, Aalborg, Denmark

## Financial Review

In 2015, Bladt Industries recorded revenues of DKK 2,950 million (2014: 3,201 million) which is a decrease of 8% nominally and organically. After 2014, with the highest ever revenues recorded, this is a return to the level from 2013. Revenues are impacted by a continued high activity level within offshore wind foundations and substations and by the decline in the oil and gas market driven by the oil price development.

Gross profit amounted to DKK 138 million (2014: 20 million) and was positively impacted by sound execution of Bladt Industries' project portfolio. Gross profit in 2015 was not affected by significantly lower than expected earnings on a few specific projects as experienced in 2014 due to events outside Bladt Industries' control. Projects with lower than expected earnings in 2014 continue to involve disagreements regarding the settlement of variation orders

and claims between Bladt Industries and customers on these specific projects. These projects may become the subject of legal proceedings and preparation hereof is ongoing. There is uncertainty as to the final financial outcome of these projects, which can have a positive or negative financial effect.

Capacity costs for project management, planning, production facilities, QHSE systems and infrastructure as well as for legal and contract management have increased, in order to strengthen Bladt Industries organization and meeting the challenges of maturing the offshore wind industry. Operating profits (EBIT) increased to DKK 103 million (2014: -8 million). Operating profits are positively impacted by the sound project execution and negatively by increasing capacity costs.

Tax on profits for the year, consisting of current tax of DKK 32 million and

changes in deferred tax of DKK 10 million, amounted to DKK 22 million (2014: tax income of 4 million) corresponding to a tax rate of 22% (2014: 37.5%). Profit for the year after tax amounted to DKK 63 million in 2015 (2014: -7 million) which is in line with expectations for the year and is impacted by start-up costs for the UK joint venture.

At the end of 2015, total assets amounted to DKK 1,262 million (2014: 1,461 million) and total equity amounted to DKK 402 million (2014: 388 million). During the year only group internal dividends were paid, no dividends were distributed to shareholders outside the Bladt Group. The Board of Directors recommends to the annual general meeting that no dividends be declared in respect of the 2015 financial year.

Bladt Industries realized a cash flow from operations of DKK -90 million (2014: 78 million). The cash flow is





positively impacted by the sound execution of Bladt Industries' project portfolio, and negatively impacted by planned changes in the working capital position of specific projects at the end of 2015 compared to the end of 2014. Such working capital fluctuations at different points in time are common for large scale contracts. The cash flow was also negatively impacted by the investments into acquiring and setting up of the UK production joint venture Offshore Structures (Britain) Limited in 2015. In total, DKK 85 million was spent by Bladt Industries in investments and inter-company financing into the acquisition and set-up of the production facility. Net cash flows from investments in Bladt Industries fully owned sites and facilities were DKK 24 million (2014: DKK 47 million). Net cash flows after financing activities amounted to DKK -204 million (2014: -19 million).

Despite the cash flows realized in 2015, Bladt Industries has ample liquidity reserves to handle cash fluctuations. During 2015, Bladt Industries enlarged and strengthened its credit facilities and at the end of 2015 the liquidity reserves of Bladt Industries are larger than they were at the end of 2014 factoring in both cash position and credit facilities.

No events of significant importance to the financial statements and annual report for 2015 have occurred after the end of the financial year.

## Outlook and Expectations

Given the expectation of some growth within offshore wind and the Nordic infrastructure markets, Bladt Industries expects growth in gross profit and earnings in 2016 compared to 2015. The outlook is among other things based on a strong order book with ongoing and firm contracts such as the wind turbine foundations for the Veja Mate, Wikingen and Burbo Bank Extension offshore wind farms, the offshore substations for the Sandbank, Nordsee One and Bligh Bank wind farms as well as a number of infrastructure and oil and gas upgrade projects. Additionally, the outlook is underpinned by a solid project pipeline where an additional number of significant projects are already conditionally contracted.



# Projects in Focus

Godewind foundations, Germany

## Foundations for Offshore Wind Turbines

### **Gode Wind 1 and 2, Germany**

In the second half of 2015, Bladt Industries finished fabricating the foundations for the Gode Wind 1 + 2 projects. The order was announced at the end of 2013 with new dimensions: 97 XL monopiles and transition pieces with an even larger diameter than previous projects. The Gode Wind transition pieces have a diameter of 6 meters and an average weight of 350 tonnes while the monopiles have a diameter of up to 7.5 meters and a weight of up to 940 tonnes. The XL foundations will be utilised at DONG

Energy's wind farm in the German North Sea. Bladt Industries is assisted by long-term partner EEW SPC on this project.

The fabrication started, as planned, in the third quarter of 2014 and the wind farm is expected to be fully commissioned by the end of 2016.

### **Sandbank, Germany**

By the end of 2015, Bladt Industries completed the last transition piece for the offshore wind farm Sandbank. The project, which Bladt Industries entered with our long-term partner EEW Special pipe Construction GmbH, consists of 72 transition pieces. Each transition piece has a total weight of 392 tonnes and a maximum diameter of 5.5 meters. The total weight of the project is approximately 30,000

tonnes.

Sandbank is being built in the German North Sea, 90 km off the coast of Sylt.

### **Wikinger, Germany**

In December 2014, 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. 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 will each have a total weight of approximately 600 tonnes, a 23 x 23 meters footprint and a total height of 62 meters. The





foundations are to be installed in a water depth between 39-42 meters.

The Wikingen Offshore Wind Farm will, in total, consist of 70 wind turbines and have a total capacity of 350 MW. The project is expected to be completed by the end of 2016.

#### **Burbo Bank Extension, UK**

In 2015, a contract between DONG Energy and EEW Special Pipe Constructions GmbH were sealed for the fabrication of 32 monopile foundations for the Turbo Bank Extension. 16 of the transition pieces will be fabricated at Bladt Industries' site in Aalborg and the last 16 transition pieces are to be manufactured in the UK by OSB (Offshore Structures Britain Ltd.),

the joint venture established by Bladt Industries and EEW SPC. The fabrication began in August 2015. Each transition piece will have a height of 23 meters, a maximum diameter of 7.43 meters and a total weight of approximately 450 tonnes. The project is expected to be finalized during third quarter in 2016. Turbo Bank Extension offshore wind farm is to be built in Liverpool Bay.

#### **Veja Mate, Germany**

As a joint venture, Bladt Industries A/S and EEW Special Pipe Constructions GmbH were, in the second quarter of 2015, awarded a construction contract by Offshore Windforce VM V.O.F. (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 350 tonnes and a length of approximately 22 meters will be 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.

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

# 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 contract and consists of both the topside and a four-legged jacket. The design phase started in August 2014 and the sail away is expected in the second quarter of 2016.

The total weight of the jacket is approximately 1,700 tonnes and the topside is expected to weigh about 2,200 tonnes. In this turnkey project, Bladt Industries will be assisted by long-term partners Semco Maritime and ISC.

### Nordsee One, Germany

During 2014, the design and planning phase of the EPCI (engineering, procurement, construction and installation) contract for RWE's Nordsee One offshore wind farm began. Besides the substation topside, the contract also includes a jacket foundation.

The construction was initiated in 2015 and the sail away is expected in the third quarter of 2016. The total weight is approximately 1,400 tonnes for the jacket structure and 2,150 tonnes for the topside.

This will be the 15<sup>th</sup> substation delivered by Bladt Industries. Also in





Sandbank Offshore Substation, Germany

this project, Bladt Industries will be assisted by long-term partners Semco Maritime and ISC. The project is to be installed 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 is to be delivered in the fourth quarter of 2016 – only 16 months after signing the contract.

Bladt Industries is constructing the substation in close cooperation

with their long term partners within manufacturing of substations, Semco Maritime.

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

The Bligh Bank II wind farm will be situated in the Belgian part of the North Sea. This will be the 16<sup>th</sup> substation delivered by Bladt Industries.



Path Bridge, Odense, Denmark

## Infrastructure

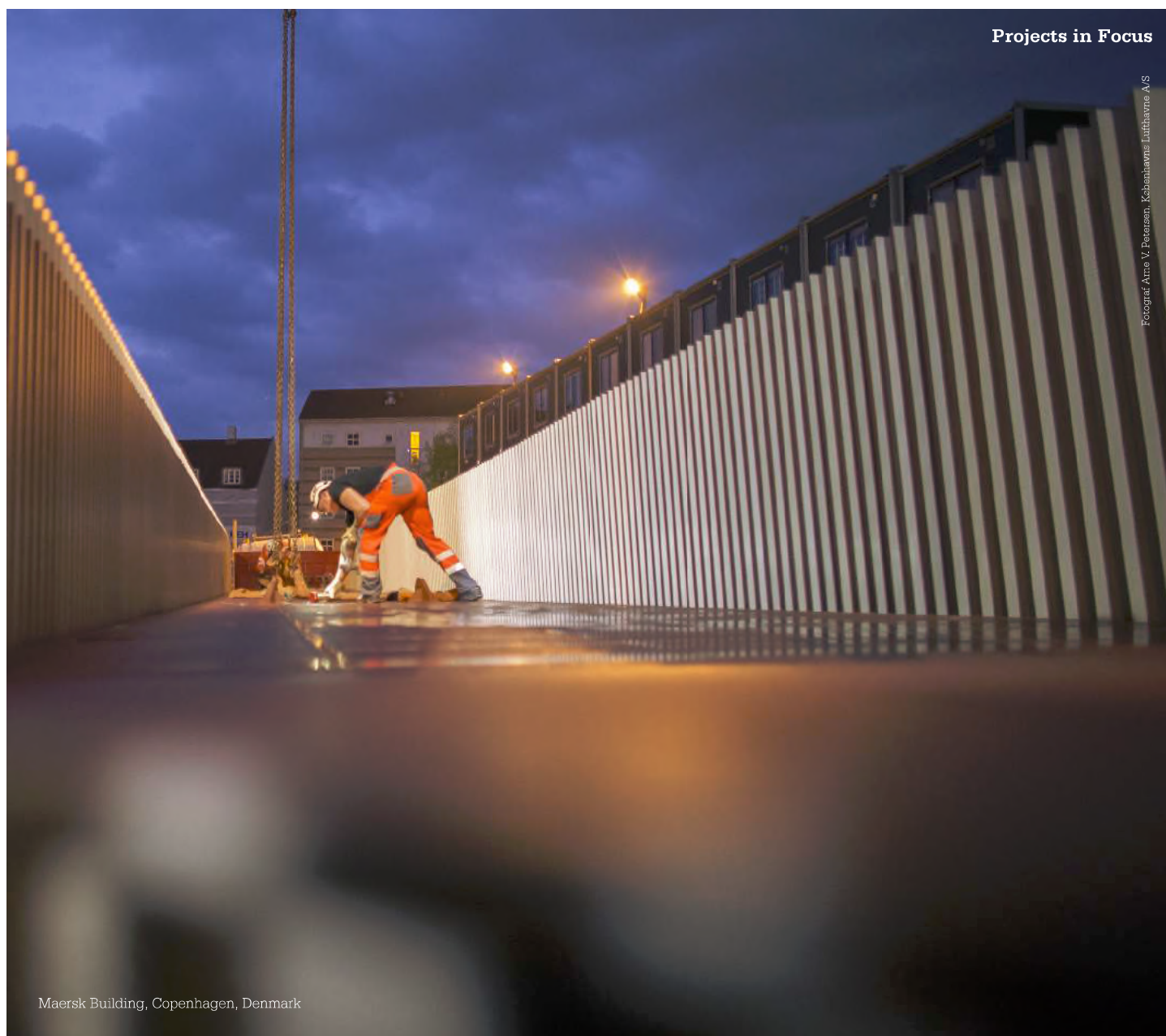
### Odense Bridge - A landmark

In 2015, the mayor of Odense Municipality officially opened the city's new pedestrian and bicycle bridge "The City's Bridge", which creates a unique link between the city and the harbour. The bridge is built as an asymmetrical cable-stayed bridge with a bridge deck comprising double curved arcs, which elegantly turns over the railway track terrain west of Odense Railway Station Centre. Bladt Industries undertook the construction and the installation of the bridge and successfully managed very tight installation windows due to the bridge crossing the railway tracks.

### Esbjerg Shopping Center

In 2015, Bladt Industries commenced 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 is 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 are welded steel girders which are 1.7 meters high and have a span of 64 meters.





Maersk Building, Copenhagen, Denmark

The project is expected to be completed in the first quarter of 2016.

#### **Amager Musiktorv**

In April 2015, Bladt Industries began the work on a recreational assignment "Musiktorvet" for the County of Copenhagen. The idea of the entire project is for Copenhagen County to create a breathing space within the city. As main contractor, Bladt Industries delivered the steel roofing deck for the new open air stage. The total weight of the construction was 100 tonnes and it covers an area of 500 m<sup>2</sup>. The project was completed in October 2015.

#### **Maersk Building**

Bladt Industries is taking part in the construction of a 15-storey high building for the Danish Building and Property Agency and the University of Copenhagen. The building includes laboratory and teaching facilities, auditorium and canteen and will house research into the treatment of cancer, dementia, diabetes, heart diseases and allergy.

Bladt Industries' scope in the project is to deliver a path bridge, girders, aluminum protection, LED-lights, concrete ramps, fences and pent roof. Bladt Industries' scope of work will be completed in the 2<sup>nd</sup> quarter of 2016.

#### **Renovation of Statoil Terminal**

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

Bladt Industries' scope in this project is the replacement of approximately 3-4 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.

# 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 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 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](http://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. One member is a representative of the ultimate majority shareholder (Partner Lars Terney of NC Advisory A/S), three are elected at the annual general meeting and

are independent of the ultimate majority shareholder (Jens Due Olsen, Jørgen Huno Rasmussen and Carsten Nygaard Knudsen), and two are elected by the employees of Bladt Industries every four years according to the Danish Public Companies Act. At the Annual General Meeting in 2015, Jens Due Olsen was elected as the new chairman of Bladt Industries A/S succeeding Lars Terney. Also, Carsten Nygaard Knudsen replaced Kim Gulstad as a board member.

The Board of Directors has adopted rules of procedures for the Board of Directors and additionally employs the following sub-committees to the board: 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), Carsten Nygaard Knudsen
- 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, monitoring the company's presentation of financial statements, the adequacy and application of accounting policies and of significant accounting estimates, the company's systems of internal controls, the external audit of the company's accounts, the independence of the external auditor, the company's risk management practices, and recommending the appointment of external auditors to the Board of Directors. Four Audit Committee meetings are held per year. The Audit Committee has organized its tasks in its annual wheel.

### 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 outlook 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 the Board of Directors, the Executive Board and Group Management are male. The objectives for the period until and including 2017:

- Ensure a representation of women in the Board of Directors, in the Executive Board and in Group Management at least equal to the representation of women in the employee base of the company. Given the current level of representation of women in the employee base of the company (approximately 5%), the realization of this objective will likely have to be evaluated over a longer time period starting in 2017.
- Ensure that 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 2015, Bladt Industries increased the number of women

in middle management positions reporting to group management, creating a potential pipeline for the filling of management positions.

### 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 judgements on an ongoing basis. These and other issues are being 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.

In addition to the audited annual financial statements, Bladt Industries' Executive Board and management prepares 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 as 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

Bladt Industries believes that maintaining the highest standards of integrity in the conduct of its business is essential to ensuring the further development and sustainable growth. Thus, Bladt Industries strives to adhere to the principles of United Nations' Global Compact in the areas of human rights, labor, environment and anti-corruption.

An important part of Bladt Industries' business and operations are within offshore wind energy. Bladt Industries, therefore, continues to work towards providing this clean energy source at cost levels making the further expansion of offshore wind even more attractive and feasible.

The code of conduct of Bladt Industries lay out our determination to act 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 to use subcontractors that share these ethical values. Regarding human rights, the code of conduct specifies Bladt Industries' support and respect for the protection of internationally proclaimed human rights. Also, Bladt Industries aims to ensure not to be compliant in human rights abuses. The code of conduct was updated in 2015 and is appended to all main contracts with suppliers of Bladt Industries from 2016. The update of the code of conduct in 2015 and the appending of the code of conduct to main supplier contracts from 2016, strengthens the protection of human rights in Bladt Industries' activities. During 2014 and 2015, Bladt Industries has vastly strengthened its legal/internal counsel department to, among other things, further ensure compliance with the code of conduct.

The training and education of apprentices continue to be of high importance to Bladt Industries. At the end of 2015, 30 apprentices were trained, primarily within welding. Of these, 14 were adult apprentices. This is an investment ensuring both a qualified employee base for the future of Bladt Industries as well as a contribution to the important task of educating skilled professionals for the local communities.

Bladt Industries provide employees over the age of 60 the opportunity to enter into a "senior employee agreement" with e.g. reduced time or less demanding tasks in order to prolong their time as active on the labor market.

The employees are essential to the success and development of Bladt Industries. The management, thus, focuses on the recruitment and retention of the best talents and a continuous development of employee qualifications. To support this,





Bladt Industries has strengthened its human resource setup in 2015 and has been preparing an updated annual performance and personal development review program supported by online tools. The program will be launched with all salaried employees in the first half of 2016.

During 2015, Bladt Industries recruited a significant number of new employees to continue the strengthening of the skill sets and capacity within areas such as project management, planning, OHSE, controlling, legal and contract management. This is also an important part of making Bladt Industries a key player in maturing the offshore wind industry.

In addition, the number of blue-collar workers at Bladt Industries in Denmark (Aalborg and Lindoe) grew in 2015 as production activity increased during the year at the Lindoe facility where fabrication of the

jacket foundations for the Wikingør offshore wind farm took off during the year and is fully ongoing at year end. The Aalborg facility has also experienced increasing activity during 2015.

As a result of these developments the number of employees at Bladt Industries A/S in Denmark increased by 19% to 670 at the end of 2015 (2014: 564).

Internationally, at the subsidiaries in Germany and Poland and the associated company (production facility joint venture) in the UK, the number of employees increased from 49 at the end of 2014 to 131 at the end of 2015 as the production facility in the UK was established and started up during 2015.

	Denmark	International	Total
Employees, year end 2014	564	49	613
Employees, year end 2015	670	131	801

Denmark	2015	2014	2013	2012	2011
Ratio of absence due to illness	4.6%	3.6%	3.7%	2.9%	2.7%

Ratio of absence due to illness (%):

Number of lost man hours due to illness x 100

Total man hours

The ratio of absence due to illness developed negatively in 2015 and was especially at a high level for blue collar workers. It falls short of Bladt Industries' targets and continues to be a focus area for improvement.



## 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 paramount importance. Thus, 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 the company's 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 products delivered. 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 – this was also the case in 2015.

During 2015, Bladt Industries has initiated and partly implemented an upgrade of its Project Execution Plan (PEP) for large offshore wind foundation projects with a special focus on upgrading Project Quality Plans (POP), Inspection and Test Plans (ITP), Quality Activity Schedules (QAS), Change Management and Supplier Management. Also for offshore wind substation projects, the Project Quality Plan templates have been upgraded. Additionally, the overall (corporate wide) OHSE management system of Bladt Industries is being overhauled during 2016-17. The updated management 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.

In 2015, Bladt Industries has further strengthened the health and safety practices. This includes





e.g. developing and implementing updated HSE manuals, an updated consequence system for violation of health and safety rules and requirements as well as implementation of new master plans for outdoor walkways and driving routes. Improvements will continue in the years to come.

Lost Time Injury Frequency (LTIF) is a key indicator for Bladt Industries' health and safety performance. As can be seen from the table below, the LTIF performance of Bladt Industries has improved continuously in recent years to 0 in 2015, corresponding to Bladt Industries' overall long term objective. 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 not continue its positive development in 2015, reflecting a higher number of minor incidents. Preventing such minor incidents will be a focus area going forward.

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. Internal audits of the environmental management system are completed at least twice a year in order to ensure the efficiency of the system. Longer term, the environmental management system may become

externally certified according to e.g. ISO 14001.

Bladt Industries reduces its environmental and climate footprint via recycling of production waste – for instance recycling of welding dross/slag, of sandblasting consumables and of plastic coils. Welding dross/slag are now fully recycled to be used in road safety crash fences instead of being put in repository, and surplus wood is recycled in chip boards instead of being handled as combustible waste. Such enhanced recycling activities in 2015 reduces the environmental and climate impact of Bladt Industries.

	2015	2014	2013	2012	2011
Lost time injury frequency (LTIF)	0.0	0.8	1.7	3.3	2.5
Incident frequency	1.2 ‰	0.7 ‰	0.8 ‰	2.4 ‰	2.2 ‰

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

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

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

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# Risk Management

At Bladt Industries, risk management is a key 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 system and processes of the company. 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 control, HSE, contract management, tender management, 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 in 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.

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 2015, 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. Thus, 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 markets for offshore wind and offshore oil and gas and secondarily in the global offshore wind and 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 an example, in 2015 Bladt Industries participated in the development and testing of various new automated welding techniques for large offshore steel structures and in the construction of test material for testing possible design optimizations in offshore wind turbine foundations. Execution of major projects and



developments in the project 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.



Sandbank jacket foundation, Germany

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# Board of Directors, Executive Board and Group Management

## Board of Directors

Jens Due Olsen, Chairman

- Chairman Audit Committee and Member 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, Gyldeendal A/S, Pierre.dk, Autolakering 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

Carsten Nygaard Knudsen

- Member Audit Committee of Bladt Industries A/S
- Professional board member in a number of companies. Previously CEO Esko BVBA, COO/CFO Esko Graphics, CFO ISS A/S and various roles in AP Møller-Maersk A/S
- Chairman of the Board of Glunz & Jensen A/S, Dane Top 6 Aps, Black Bidco Aps
- Member of the Board of Lyngsoe Systems A/S, GSV Materiel Udlejning A/S

Kristian Kærsgaard, Member (elected by employees)

- Department Manager, Gratings

Ole Springby, Member (elected by employees)

- Blacksmith

## Executive Board

Jan Kjærsgaard, CEO

Peter Rindebæk, Deputy CEO and COO

- Member of the Board of Lindø Steel A/S, East Metal Trade A/S

Managerial posts in 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, Oil & Gas

Kim Bringsjord, Head of Division, Infrastructure

Mikael Kristensen, Chief Financial Officer



# Statements

## Statement by the Board of Directors and the Executive Board

Today, The Board of Directors and the Executive Board have discussed and approved the annual report of Bladt Industries A/S for the financial year 2015.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by EU and additional disclosure requirements in the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2015.

In our opinion, the Management commentary includes a fair review of the development in the Company's operations and financial conditions, the results for the year, cash flows

and financial position as well as a description of the most significant risks and uncertainty factors that the company faces.

We recommend the annual report to be approved at the annual general meeting.

Aalborg, 18 March 2016


### Board of Directors




Jens Due Olsen  
Chairman



Carsten Knudsen



Lars Terney  
Deputy Chairman



Ole Springby



Jørgen Hurno Rasmussen



Kristian Kærsgaard

### Executive Board



Jan Kjærsgaard  
CEO



Peter Rindebæk  
Deputy CEO and COO

## Independent Auditors' Report

### To the shareholders of Bladt Industries A/S

#### Independent auditors' report on the financial statements

We have audited the financial statements of Bladt Industries A/S for the financial year 1 January – 31 December 2015. The financial statements comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by EU and additional disclosure requirements in the Danish Financial Statements Act.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by EU and additional disclosure requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit has not resulted in any qualification.

#### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with International Financial Reporting Standards as adopted by EU and additional disclosure requirements in the Danish Financial Statements Act.

#### Statement on the Management commentary

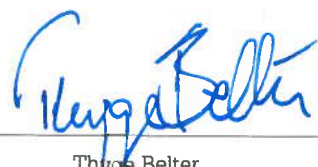
Pursuant to the Danish Financial Statements Act, we have read the Management commentary. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management commentary is consistent with the financial statements.

Aalborg, 18 March 2016

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 2015

## Income Statement and Statement of Comprehensive Income

### Income Statement

DKK'000	Note	2015	2014
Revenue		2,949,460	3,201,321
Production costs	3,4	-2,811,131	-3,181,537
<b>Gross profit</b>		138,329	19,784
Distribution costs	3,4	-8,793	-7,355
Administrative expenses	3,4,5	-26,082	-20,917
<b>Earnings before interest and tax (EBIT)</b>		103,454	-8,488
Profit/loss in joint ventures	12	-15,900	0
Financial income	6	225	1,140
Financial expenses	7	-1,993	-3,443
<b>Profit before tax</b>		85,786	-10,791
Tax on profit for the year	8	-22,329	4,047
<b>Profit for the year</b>		<b>63,457</b>	<b>-6,744</b>
<b>Proposed appreciation of profits</b>			
Suggested dividend		0	0
Retained earnings		63,457	-6,744
		<b>63,457</b>	<b>-6,744</b>

### Statement of Comprehensive Income

DKK'000	Note	2015	2014
Profit for the year		63,457	-6,744
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>63,457</b>	<b>-6,744</b>

## Balance Sheet

DKK'000	Note	2015	2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>	9	2,677	3,214
Other intangible assets		2,677	3,214
<b>Property, plant and equipment</b>	10		
Plant and machinery		149,346	161,030
Fixtures and fittings, other plant and equipment		3,636	2,672
Property, plant and equipment under construction		0	191
		152,982	163,893
<b>Other non-current assets</b>			
Investments in subsidiaries	11	1,731	1,731
Investments in joint ventures	12	24,312	0
		26,043	1,731
<b>Total non-current assets</b>		181,702	168,838
<b>Current assets</b>			
Inventories	13	5,285	4,355
Construction contracts	15	35,816	127,882
Receivables	14	1,012,295	989,127
Prepaid costs	16	26,810	28,411
Corporation tax	20	0	4,451
Cash at bank and in hand		0	137,756
<b>Total current assets</b>		1,080,206	1,291,982
<b>TOTAL ASSETS</b>		<b>1,261,908</b>	<b>1,460,820</b>



## Balance Sheet

DKK'000	Note	2015	2014
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	17		
Share capital		44,000	44,000
Retained earnings		357,765	344,308
<b>Total equity</b>		401,765	388,308
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	18	32,820	42,425
Provisions	19	1,000	200
<b>Total non-current liabilities</b>		33,820	42,625
<b>Current liabilities</b>			
Construction contracts	15	177,979	158,990
Trade payables		428,405	653,273
Bank debt		66,220	0
Corporation tax payable	20	31,934	0
Other liabilities	21	121,785	217,624
<b>Total current liabilities</b>		826,323	1,029,887
<b>Total liabilities</b>		860,143	1,072,512
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,261,908</b>	<b>1,460,820</b>

## Cash Flow Statement

DKK'000	Note	2015	2014
Profit for the year before tax		85,786	-10,791
Adjustment for non-cash operating items etc.:			
Depreciation, amortization and impairment	4	35,749	32,690
Other non-cash operating items, net		483	-268
Profit/loss in joint ventures		15,900	0
Financial income	6	-225	-1,140
Financial expenses	7	1,993	3,443
Cash generated from operations (operating activities) before changes in working capital		139,686	23,934
Changes in working capital	23	-232,149	126,839
Cash generated from operations (operating activities)		-92,463	150,773
Interest received	6	225	1,140
Interest paid	7	-1,993	-3,443
Corporation tax paid	20	4,451	-70,896
<b>Cash flows from operating activities</b>		<b>-89,780</b>	<b>77,574</b>
Acquisition of property, plant and equipment	9, 10	-24,620	-47,383
Acquisition of joint venture company (shares)	12	-40,212	0
Disposal of property, plant and equipment	10	636	493
<b>Net cash flows from investing activities</b>		<b>-64,196</b>	<b>-46,890</b>
<b>Free cash flows</b>		<b>-153,976</b>	<b>30,684</b>
Shareholders:			
Dividends distributed		-50,000	-50,000
<b>Cash flows from financing activities</b>		<b>-50,000</b>	<b>-50,000</b>
<b>Net cash flows from operating, investing and financing activities</b>		<b>-203,976</b>	<b>-19,316</b>
Cash and cash equivalents at 1 January		137,756	157,072
<b>Cash and cash equivalents at 31 December</b>		<b>-66,220</b>	<b>137,756</b>

Ample liquidity reserves, please refer to note 24, page 52.



## Statement of Changes in Equity

DKK'000	Share capital	Retained earnings	Total equity
<b>Equity 1 January 2015</b>	44,000	344,308	388,308
<b>Comprehensive income in 2015</b>			
Profit for the year	0	63,457	63,457
Total comprehensive income for the period	0	63,457	63,457
<b>Transactions with shareholders</b>			
Distributed interim dividends	0	-50,000	-50,000
Total transactions with shareholders	0	-50,000	-50,000
<b>Equity 31 December 2015</b>	<b>44,000</b>	<b>357,765</b>	<b>401,765</b>
<b>Equity 1 January 2014</b>	44,000	401,052	445,052
<b>Comprehensive income in 2014</b>			
Profit for the year	0	-6,744	-6,744
Total comprehensive income for the period	0	-6,744	-6,744
<b>Transactions with shareholders</b>			
Distributed interim dividends	0	-50,000	-50,000
Total transactions with shareholders	0	-50,000	-50,000
<b>Equity 31 December 2014</b>	<b>44,000</b>	<b>344,308</b>	<b>388,308</b>

For more information, see note 17.

# Notes to the Financial Statements

## Note

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# 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 2015 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 2015 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. This annual report is the first annual report presented according to IFRS. On 18 March 2016, the Board of Directors and the Executive Board discussed and approved the annual report of Bladt Industries A/S for the financial year 2015. The annual report will be presented to the shareholders of Bladt Industries A/S for approval at the annual general meeting on 18 March 2016.

## 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 assets and liabilities are recognized in other receivables or other payables and in 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 losses 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 programmes 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, sub-suppliers, 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 and commodities, goods for resale and 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 costdrivers 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 57.

## 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 2015 in accordance with applied accounting policies. 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**

<b>DKK'000</b>	<b>2015</b>	<b>2014</b>
Wages and salaries	289,343	288,767
Defined contribution plans	22,498	23,619
Other social security costs	5,747	7,732
<b>Total staff costs</b>	<b>317,588</b>	<b>320,118</b>
<b>Total average number of employees</b>	<b>586</b>	<b>628</b>

Staff costs are recognized as follows in the income statement:

Production costs	286,098	299,347
Distribution costs	5,448	5,309
Administrative expenses	26,042	15,462
	<b>317,588</b>	<b>320,118</b>

Of this figure, consideration for::

Remuneration, Board of Directors	752	1,025
Remuneration, Executive Board	6,662	2,543
Remuneration, Executive Board, pension contributions	336	203
	<b>7,750</b>	<b>3,771</b>

Management's remuneration has been stated in accordance with the Danish Financial Statements Act, §98b, 3. The Executive Board has been enlarged from 1 to 2 members in November 2014, with full year effect in 2015. The Executive Board has, further to the above, been paid special bonuses in relation to the enlargement with DKK 3,000 thousand in 2015 (2014 DKK 0).

## 4

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

<b>DKK'000</b>	<b>2015</b>	<b>2014</b>
Depreciation of property, plant and equipment, see note 10	34,515	32,551
Amortisation of other intangible assets, see note 9	1,234	139
Profit from sale of property, plant and equipment	-317	-268
	<b>35,432</b>	<b>32,422</b>

Depreciation is recognized as follows in the income statement:

Production costs	35,066	32,134
Administrative expenses	366	288
	<b>35,432</b>	<b>32,422</b>



## 5

**Fees paid to auditors appointed at the annual general meeting**

<b>DKK'000</b>	<b>2015</b>	<b>2014</b>
Total fee for PwC is specified as follows:		
Statutory audit	365	365
Tax and VAT assistance	94	149
Other assistance	485	198
	<b>944</b>	<b>712</b>

## 6

**Financial income**

<b>DKK'000</b>	<b>2015</b>	<b>2014</b>
Interest, cash and cash equivalents	0	1,140
Interest, group enterprises	225	0
	<b>225</b>	<b>1,140</b>
Interest on financial assets measured at amortized costs	<b>225</b>	<b>1,140</b>

## 7

**Financial expenses**

<b>DKK'000</b>	<b>2015</b>	<b>2014</b>
Interest, banks, etc.	1,567	2,883
Interest, group enterprises	426	560
	<b>1,993</b>	<b>3,443</b>
Interest on financial liabilities measured at amortized costs	<b>1,993</b>	<b>3,443</b>



## Tax on profit for the year

DKK'000	2015	2014
Tax on profit for the year is specified as follows:		
Current tax	31,934	12,193
Deferred tax	-9,605	-16,240
	<b>22,329</b>	<b>-4,047</b>
Tax on profit/loss for the year is specified as follows:		
23.5/24.5% tax on profit for the year before tax	20,160	-2,643
The tax effect of:		
Non-taxable income	0	-832
Non-deductible costs	4,129	771
Impact of change in the Danish tax rate	-1,960	-1,343
	<b>22,329</b>	<b>-4,047</b>
Effective tax rate	<b>22.0 %</b>	<b>37.5 %</b>

## 9

**Other intangible assets**

<b>DKK'000</b>	<b>Other Intangible assets</b>
Cost at 1 January 2015	3,353
Additions	697
Cost at 31 December 2015	<b>4,050</b>
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	<b>2,677</b>

<b>DKK'000</b>	<b>Other Intangible assets</b>
Cost at 1 January 2014	0
Additions	3,353
Cost at 31 December 2014	<b>3,353</b>
Depreciation and impairments at 1 January 2014	0
Depreciation	139
Depreciation and impairments at 31 December 2014	139
Carrying amount at 31 December 2014	<b>3,214</b>



# 10

## Property, plant and equipment

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
<b>Carrying amount at 31 December 2015</b>	<b>149,346</b>	<b>3,636</b>	<b>0</b>	<b>152,982</b>

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Assets under construction	Total
Cost at 1 January 2014	296,014	14,217	2,331	312,562
Additions	42,490	1,349	191	44,030
Transferred	2,331	0	-2,331	0
Disposals	-578	-684	0	-1,262
Cost at 31 December 2014	340,257	14,882	191	355,330
Depreciation and impairment at 1 January 2014	148,057	11,866	0	159,923
Depreciation	31,542	1,009	0	32,551
Disposals	-372	-665	0	-1,037
Depreciation and impairment at 31 December 2014	179,227	12,210	0	191,437
<b>Carrying amount at 31 December 2014</b>	<b>161,030</b>	<b>2,672</b>	<b>191</b>	<b>163,893</b>

# 11

## Investments in subsidiaries

DKK'000	2015	2014
Cost at 1 January	1,731	1,731
Cost at 31 December	1,731	1,731
<b>Carrying amount at 31 December</b>	<b>1,731</b>	<b>1,731</b>

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 Name	Registered office	Equity		Profit for the year		Ownership	
		2015	2014	2015	2014	2015	2014
Bladt Industries Offshore Wind Germany GmbH	Germany	2,179	2,174	0	1,163	100 %	100 %
Bladt Industries Polska Sp. z o.o.	Poland	11,341	8,505	2,648	2,018	70 %	70 %

# 12

## 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 58 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	2015	2014
Cost at 1 January	0	0
Additions	40,212	0
Cost at 31 December	40,212	0
Adjustments 1 January	0	0
Profit and loss after tax	-15,900	0
Adjustments 31 December	-15,900	0
<b>Carrying amount at 31 December</b>	<b>24,312</b>	<b>0</b>

# 13

## Inventories

DKK'000	2015	2014
Raw materials and consumables	5,082	4,145
Finished goods and goods for resale	203	210
	<b>5,285</b>	<b>4,355</b>
The carrying amount of inventories is recognized at fair value	0	0



## 14

**Receivables**

<b>DKK'000</b>	<b>2015</b>	<b>2014</b>
Trade receivables	930,161	987,019
Receivables from joint ventures	45,485	0
Other receivables	36,649	2,108
	<b>1,012,295</b>	<b>989,127</b>

## 15

**Construction contracts**

<b>DKK'000</b>	<b>2015</b>	<b>2014</b>
Selling price of construction contracts	1,783,152	1,377,927
Total progress billing	-1,925,315	-1,409,035
Net value of construction contracts	<b>-142,163</b>	<b>-31,108</b>
Specified as follows:		
Construction contracts (asset)	35,816	127,882
Prepayments received from customers (liability)	-177,979	-158,990
	<b>-142,163</b>	<b>-31,108</b>

## 16

**Prepaid costs**

<b>DKK'000</b>	<b>2015</b>	<b>2014</b>
Rent	23,819	26,468
Other adjustments	2,991	1,943
	<b>26,810</b>	<b>28,411</b>

# 17

## 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 (2014: DKK 20,000 thousand) one share at a nominal value of DKK 9,160 thousand (2014: DKK 9,160 thousand) and one share at a nominal value of DKK 14,840 thousand (2014: DKK 14,840 thousand). There are no restrictions on voting rights.

### Dividend

On 30 June 2015 Bladt Industries A/S paid DKK 50,000 thousand in dividend to Bladt Industries Holding A/S.

On 19 June 2014 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.

# 18

## Deferred tax

DKK'000	2015	2014
Deferred tax at 1 January	42,425	58,665
Deferred tax for the year is recognized in profit for the year	-9,605	-16,240
<b>Deferred tax at 31 December</b>	<b>32,820</b>	<b>42,425</b>

Deferred tax is recognized in the balance sheet as follows:

Deferred tax (liability)	32,820	42,425
<b>Net deferred tax at 31 December</b>	<b>32,820</b>	<b>42,425</b>

Deferred tax relates to:

Property, plant and equipment	11,645	11,755
Construction contracts	21,175	30,670
	<b>32,820</b>	<b>42,425</b>

There are unrecognized tax loss carry forwards of DKK 965 thousand at 31 December 2015 (DKK 1,286 thousand at 31 December 2014) relating to depreciation for tax purposes of certain operating equipment. Of the deferred tax DKK 21,175 thousand (2014: DKK 30,670 thousand) are expected to be current tax within 1 year.

# 19

## Provisions

Other provisions comprise anticipated warranty costs.

Provisions are determined based on past experience with warranty work.

# 20

## Corporation tax

DKK'000	2015	2014
Corporation tax payable at 1 January	-4,451	54,252
Current tax for the year	31,934	12,193
Corporation tax received/paid during the year	4,451	-70,896
<b>Corporation tax payable at 31 December</b>	<b>31,934</b>	<b>-4,451</b>

# 21

## Other liabilities

DKK'000	2015	2014
Amounts owed to group enterprises	11,776	29,594
Other payables	110,009	188,030
	<b>121,785</b>	<b>217,624</b>



## 22

**Contingent liabilities and collateral****Contingent liabilities**

DKK'000	2015	2014
Guarantees relating to performance, payment, advance payment and suppliers	1,288,365	965,100
Deposit guarantee	24,967	54,163

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 36,746 thousand (2014: DKK 36,589 thousand) (50% of DKK 73,492 thousand (2014: 50% of DKK 73,178 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.

## 23

**Changes in working capital**

DKK'000	Note	2015	2014
Net change in construction contracts	15	111,055	191,345
Change in inventories		-930	-1,014
Changes in receivables	14,16	-23,168	-554,702
Changes in trade and other payables		-320,707	491,210
		<b>-232,149</b>	<b>126,839</b>

## 24

**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 2015 and 2014, the Company did not make use of derivative financial instruments as part of its risk management.

## 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:

2015							
DKK'000	Nominal position				Sensitivity		
	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments hedging future cash flows	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
	<b>801,204</b>	<b>288,959</b>	<b>0</b>	<b>512,245</b>			

2014							
DKK'000	Nominal position				Sensitivity		
	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments hedging future cash flows	Total	Probable changes in foreign exchange rates	The hypothetical effect on profit for the year	The hypothetical effect on equity
EUR/DKK	834,456	523,075	0	311,381	0 %	0	0
PLN/DKK	1,751	17,773	0	-16,022	5 %	597	597
NOK/DKK	0	779	0	-779	10 %	58	58
GBP/DKK	492	69	0	423	10 %	42	42
SEK/DKK	0	12	0	-12	10 %	1	1
	<b>836,699</b>	<b>541,708</b>	<b>0</b>	<b>294,991</b>			

#### 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 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 91 million was drawn (DKK 66 million drawdown as bank debt and DKK 25 million drawdown as guarantees for real estate rental deposits). Cash reserves thus total DKK 219 million at 31 December 2015 (DKK 213 million at 31 December 2014).

With the credit facilities available, in the management's opinion, liquidity is adequate according to the budget for 2016.

The Company has interest-bearing liabilities of 66.2 millions in 2015 (0.0 million in 2014). 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	2015	2014
Receivables not due	283,474	670,924
Maturity period:		
Up to 30 days	228,540	24,382
Between 30 and 90 days	3,911	149,139
More than 90 days	414,236	142,574
	<b>930,161</b>	<b>987,019</b>

None of the trade receivables were impaired at 31 December 2015 or 31 December 2014. Losses have not been realized in 2015 or 2014 on trade receivables nor have they been written down.

### Categories of financial instruments

DKK'000	Note	2015		2014	
		Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	14	930,161	930,161	987,019	987,019
Other receivables	14	36,649	36,649	2,108	2,108
Amount owed by group enterprises	14	45,485	45,485	0	0
Cash at bank and in hand		0	0	137,756	137,756
<b>Loans granted and receivables</b>		<b>1,012,295</b>	<b>1,012,295</b>	<b>1,126,883</b>	<b>1,126,883</b>
Trade payables		428,405	428,405	653,273	653,273
Bank debt		66,220	66,220	0	0
Amounts owed to group enterprises	21	11,776	11,776	29,594	29,594
Other payables	21	110,009	110,009	188,030	188,030
<b>Financial liabilities measured at amortized cost</b>		<b>616,410</b>	<b>616,410</b>	<b>870,897</b>	<b>870,897</b>

The Company does not have any financial instruments measured at fair value.

Receivables and payables with short credit periods are assessed to have a fair value equivalent to the carrying amount.



**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	2015	2014
0-1 year	13,343	17,468
1-5 years	53,375	53,375
> 5 years	53,375	66,719
	<b>120,093</b>	<b>137,562</b>

For 2015, DKK 13,344 thousand (2014: DKK 27,730 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 50,000 thousand (2014: DKK 50,000 thousand), there have been no transactions with these related parties.

## Senior executives

Bladt Industries A/S' related parties with significant influence include the Company's Board of Directors, Executive Board and senior executives and their close families. Related parties also include companies in which such persons have significant interests.

Management's remuneration is mentioned in note 3.

## Subsidiaries

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

DKK'000	2015	2014
<b>Purchase of services</b>	<b>18,021</b>	<b>129,711</b>

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 58 in which Bladt Industries A/S has a significant influence.

Transactions with joint ventures have been as follows:

DKK'000	2015	2014
<b>Sale of services</b>	<b>169,612</b>	<b>126,534</b>

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## Events after the balance sheet date

No significant events have occurred after 31 December 2015.

## New accounting regulations

New standards, amendments and interpretations adopted by Bladt Industries.

The following standards have been applied by Bladt Industries for the financial year 2015:

- Annual improvements to IFRSs (2010-2012). These annual improvements include a number of minor changes to IFRS 2, IFRS 3, IFRS 8, IFRS 13 and IAS 24.
- Annual improvements to IFRSs (2011-2013). These annual improvements include a number of minor changes to IFRS 1, IFRS 3, IFRS 13, IAS 40.
- Amendments to IAS 19: "Defined Benefit Plans - Employee Contributions".

Bladt Industries has assessed that the new standards and amendments to standards and interpretations effective for annual periods beginning after 1 January 2015, are either not relevant or have no significant effect on the financial statements of Bladt Industries.

New standards, amendments and interpretations not yet effective:

A number of new standards and amendments to standards and interpretations that would be relevant for the Bladt Industries 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.

- 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

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

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

- 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 managing 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 irrevocably 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.
- 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 obligation identified in the contract.
- IFRS 16: Leases. The amended standard changes the rules of the accounting treatment of operating leases by 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.
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities – Applying the Consolidation Exception.
- 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 is expected to have a significant effect on the financial statements of Bladt Industries.

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## Definitions of financial ratios

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

Operating margin

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

Solvency ratio

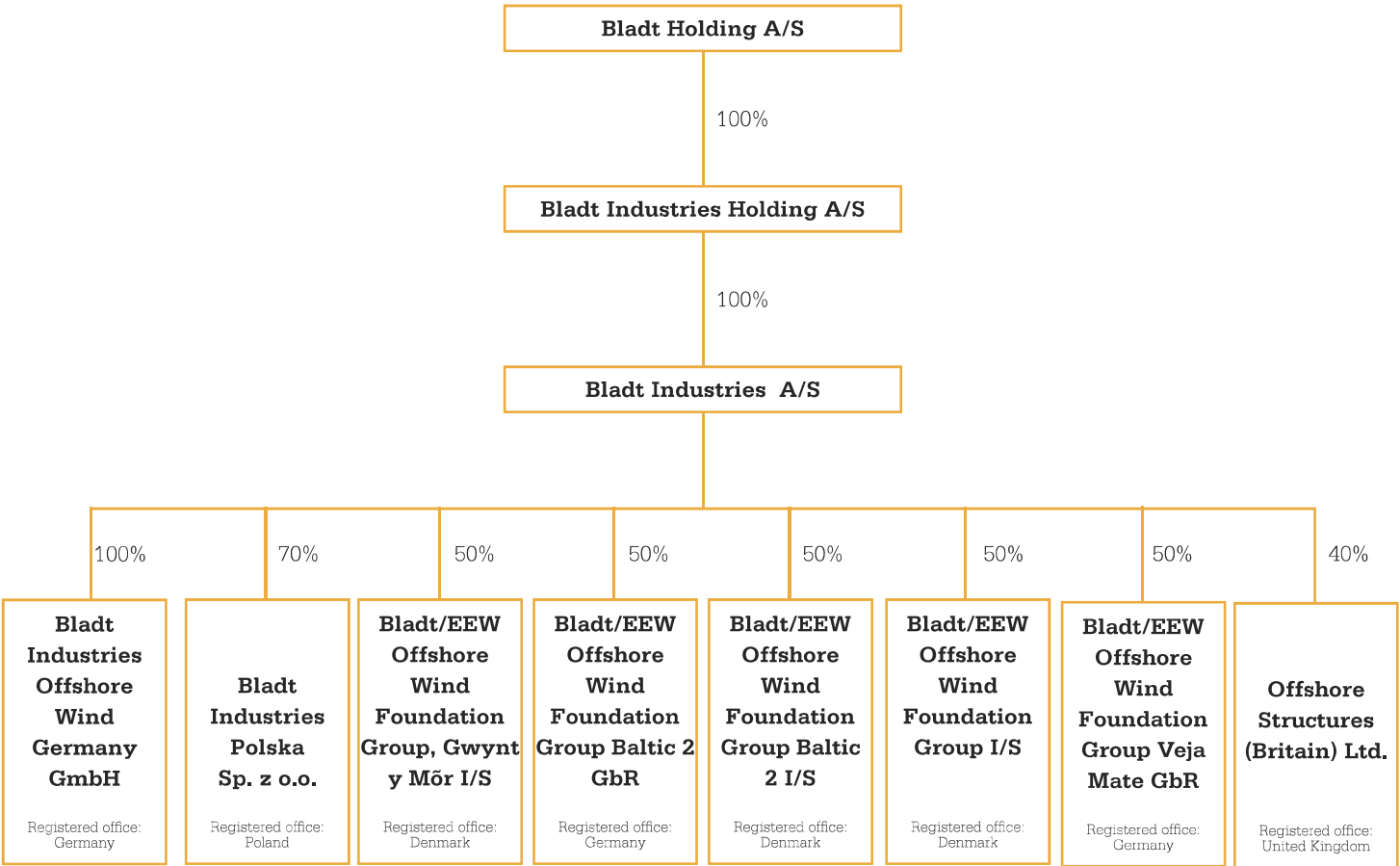
$$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Return on equity

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



# Group Structure

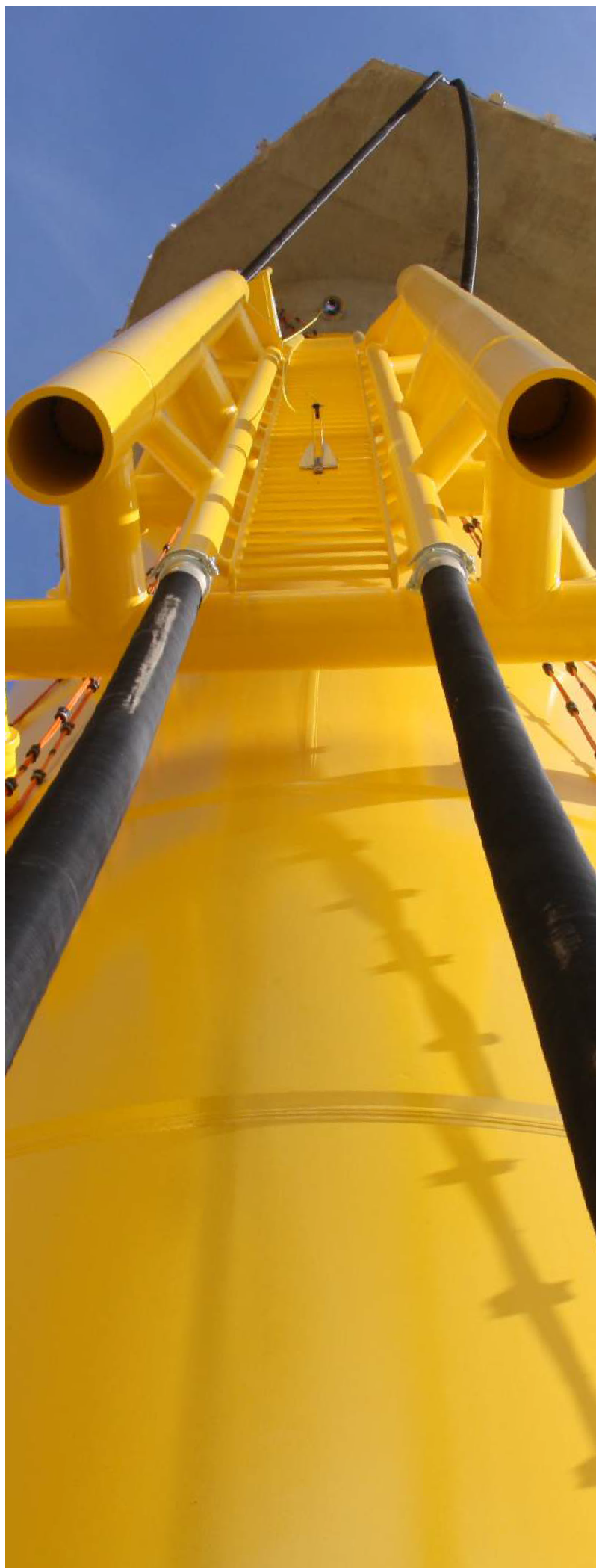




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