Bukkehave Corporation A/S

Troensevej 29
5700 Svendborg
Denmark

CVR-nr. 15 50 20 02

Annual Report 2017

Årsrapporten er fremlagt og godkendt på selskabets ordinære generalforsamling den 24 / 5 2018

Dirigent: ____________________

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Statements

Statement by the Executive and Supervisory Board

The Executive and Supervisory Boards have today discussed and approved the annual report of Bukkehave Corporation A/S for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2017 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's Review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Svendborg, 9 May 2018

Executive Board:

Merete Mortensen
Director

Supervisory Board:

Jens Josefsen
Chairman

Jette Clausen

Arvild Kristian Pihl Mikkelsen

Independent auditors' report

To the shareholders of Bukkehave Corporation A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Bukkehave Corporation A/S for the financial year 1 January – 31 December 2017, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Odense, 9 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid
State Authorised
Public Accountant
MNE no.: mne31450

Management's Review

Company Presentation

Bukkehave Corporation A/S
Troensevej 29
5700 Svendborg
Denmark

Phone:	63212121
Homepage:	www.bukkehave.com

CVR-nr.:	15502002
Established:	1. september 1991
Domicile:	Svendborg

Supervisory Board

Jens Josefsen, Chairman
Jette Clausen
Arvild Kristian Pihl Mikkelsen

Executive Board

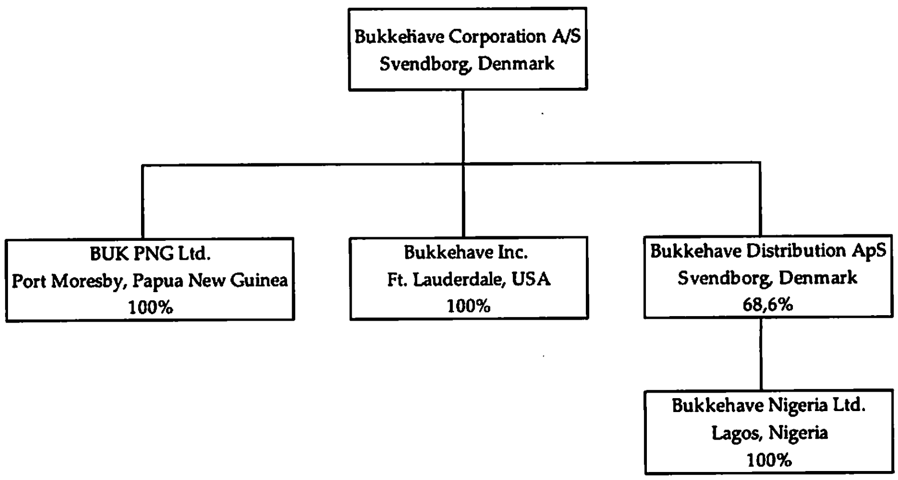
Merete Mortensen, Director

Auditor

Ernst & Young Godkendt Revisionspartnerselskab
Englandsgade 25
5000 Odense C
Søren Smedegaard Hvid

Management's Review

Group chart



Management's Review

Main and Key Figures

Amounts in t.Dkk	2017	2016	2015	2014	2013
Selected financial data					
Net turnover	492,732	484,928	334,213	216,918	193,144
Result of primary operations	39,949	44,032	18,581	-11,332	-9,513
Result of financial items	624	-72	-1,559	-2,315	-2,959
Ordinary result before tax	40,573	43,960	17,022	-13,648	-12,471
The Bukkehave group's share of the result for the financial year	**22,851**	**32,758**	**12,684**	**-21,919**	**-10,472**
Fixed assets	4,415	15,939	24,921	55,771	72,094
Current assets	82,527	218,785	88,726	79,504	112,483
Assets	**86,941**	**234,724**	**113,648**	**135,275**	**184,577**
Share capital	27,600	27,600	27,600	22,600	22,600
Shareholders' equity	**65,903**	**77,854**	**55,458**	**32,524**	**57,476**
Long-term debt	23	0	637	968	4,642
Short-term debt	22,257	157,826	59,588	101,784	122,459
Net turnover including commission business	492,732	484,928	340,023	258,333	206,347
Cash flow from operations	-35,220	101,938	25,374	10,562	-19,579
Net cash flow for investments	-41	6,580	2,186	4,166	-1,389
Cash flow from financing	-29,977	-6,637	7,670	-8,674	11,734
Total cash flow	**-65,239**	**101,881**	**35,230**	**6,054**	**-9,234**
Key figures					
Contribution Margin	17.5%	17.3%	17.7%	12.3%	20.0%
Net profit ratio	8.1%	9.1%	5.6%	-5.2%	-4.9%
Return on assets	24.8%	25.3%	14.9%	-7.1%	-5.2%
Return on equity	31.8%	49.1%	28.8%	-48.7%	-18.1%
Equity ratio based on average liabilities	41.0%	44.7%	44.6%	20.3%	31.2%
Average number of employees	**21**	**22**	**42**	**45**	**51**

The key figures are calculated as per the definitions and concepts mentioned in applied accounting principles.

Management's Review

Review

Main activity

The business foundation for Bukkehave Corporation is to deliver fleet solutions containing trucks, buses, 4x4 vehicles, special vehicles, spare parts, financing and after sales services to international organizations and companies operating in emerging markets.

The company has been granted global supplier agreements by several of the worlds leading car and truck manufacturers.

Development in activities and financial conditions

Result of the year

The Board and Management are satisfied to report the third consecutive year of a high activity level and satisfying results of the company.

The total turnover was 1.6% above 2016, and an improvement of the contribution ratio from 17.3% to 17.5% supported a 2.8% growth in Contribution Margin. The high activity level was driven by another year of strong performance in the key account business.

The distribution businesses in Nigeria and Papua New Guinea was at a low activity level and will be fully phased out in 2018. The result before tax was affected negatively by the distribution business by app. DKK 2.5 million.

The result of primary operations amounts to DKK 40.0 million vs. DKK 44.0 million in 2016 a reduction of DKK 4.0 million. The result was negatively influenced by provisions of non-continuing cost from 2018 of DKK 7.4 million. Adjusted for this provision, the result improved by DKK 3.4 million. For further explanation regarding the background for the non-continuing cost, we refer to the section "Expectations to the future".

Result before tax was DKK 40.6 million an reduction of DKK 3.4 million vs. 2016.

Total Tax on the result of the year includes an adjustment related to the deferred tax asset of DKK 5.5 million, increasing the Tax of the year from DKK 12.3 million to DKK 17.9 million.

The Bukkehave Group´s share of the annual result for the financial year was DKK 22.9 million vs. DKK 32.8 million in 2016. The reduction was caused by the provisions for non-continuing cost and the adjustment of the deferred tax asset. Excluded of these elements the share of the annual result is DKK 35.8 million.

Investments

Investments in 2017 in tangible fixed assets of DKK 1.4 million primarily relates to IT and company cars.

Cash resources and capital position

The total balance sheet has decreased from DKK 234.7 million as of December 31 2016, to DKK 86.9 million as of December 31 2017.

Management's Review

The balance sheet end 2016 was at an unusual high level due to very high sales activity during fourth quarter of 2016. This was reflected in a temporary short term situation characterized by very large prepayments from customers, prepayments to suppliers, inventories and cash funds. On the contrary, by the end of 2017 the activity level was very modest reflected in low levels of working capital.

Total prepayments to suppliers decreased from DKK 38.2 million as of December 31 2016 to DKK 0.7 million as of December 31 2017. Inventories increased from DKK 46.1 million as of December 31 2016 to DKK 10.0 million as of December 31 2017. Prepayments from customers decreased from DKK 127.6 million as of December 2016 to DKK 1.8 million as of December 2017.

The significant reduction in short term debt also reduced the cash funds from DKK 82.6 million as of December 2016 to DKK 17.7 million as of December 2017. The company has settled the vast majority of its ordinary bank credit facilities and only have project financing facilities remaining.

As of December 31 2017, the company has shareholder's equity of DKK 65.9 million. Equity represents 41 % of the average balance sheet total.

For additional comments regarding cash resources and capital position, please refer to Note 1.

Events after the termination of the financial year

No events have occurred, which in our opinion will change the evaluation of the Annual Report and the company's financial position.

Expectations to the future

Based on the situation in the US, with a change in administration that has caused a delay in decision processes regarding government business in the subsidiary Bukkehave Inc., and a difficult market situation on the African core markets of Bukkehave Corporation, management decided to execute a significant restructuring of the administrative set-up in October 2017. The process resulted in a transfer of customer and operational knowledge from Bukkehave Corporation to Bukkehave Inc., and a concentration of sales focus and resources in the US based company.

Based on the significant reduction in cost level for the group, Management is confident that Bukkehave will generate a satisfactory result in 2018 and the years going forward.

The company is budgeting with a reduced turnover in 2018 compared to 2017, but still expects a satisfactory result before tax. The company will operate within the present and granted bank facilities. However, temporary additional bank facilities may be needed in order to finance additional very large sales orders.

Special risks

General risks

The Group is subject to the political risks that are involved when operating in parts of the world, which are prone to financial instability.

Management's Review

Financial risks

Currency risks

It is the policy of the company not to exposure itself in any risk in connection with currency dispositions. Open foreign currency holdings are therefore hedged.

Credit risks

It is the policy of the company, to the largest possible extent, to avoid any risks on trade accounts receivables. The company's most important customers are large private companies and government organizations with projects in developing countries. In situations, where special conditions involve risks, these risks are insured through Eksport Kredit Fonden or similar credit insurance companies.

Knowledge resources

It is important for the company to attract and retain staff with large insight and experience within international trade. Investment in education and training is made on a continuing basis.

Financial statements 1 January – 31 December

Accounting practices applied

The annual report of Bukkehave Corporation A/S for 2017 has been prepared in accordance with the provisions applying to a class C enterprise (medium) under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the asset can be reliably measured.

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

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

In recognizing and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognized in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment and provisions, as well as reversals as a result of changes in accounting estimates previously recognized in the income statement.

Consolidated financial statements

The consolidated financial statements comprise the parent company Bukkehave Corporation A/S and subsidiaries in which Bukkehave Corporation A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognized in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognized in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Financial statements 1 January – 31 December

Accounting practices applied

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

In connection with successive investments in companies assets and liabilities are measured at fair value at the time of the latest investment. Any excess value related to earlier investments is booked directly in equity.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognized as intangible assets and amortized on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. The useful life is longest for strategic acquisitions with a strong market position and long-term earnings profile, which has been the case with company acquisitions.

Gains or losses on disposal of enterprises are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Minority interests

In the consolidated financial statements, the items of subsidiaries are recognized in full. Minority interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

Income Statement

Turnover

Net turnover from the sale and financial lease of products and services is recognized in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and expected to be received. Net turnover is measured ex VAT, taxes and discounts in relation to the sale.

Direct costs

Direct costs comprise the costs related to the turnover, e.g. depreciations, fees and regulations of the exchange rate.

Financial statements 1 January – 31 December

Accounting practices applied

Sales and distribution costs

Sales and distribution costs comprise the costs incurred in distributing goods sold during the year, including expenses for the sales and logistic staff, advertising and marketing expenses, etc. as well as depreciations.

Administration costs

Administration costs comprise the costs incurred during the year for management and administration, including expenses for the administrative staff, office equipment, rent of buildings etc. as well as depreciations.

Other operating income and costs

Other operating incomes and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on disposal and replacement of fixed assets and management fees.

Profit/Losses from Investments in Subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognized in the income statement of the parent company after full elimination of intra-group profit/losses.

Depreciation/Amortization

Goodwill is amortized on a straight-line basis over the amortization period, which is 20 years.

Depreciations on tangible fixed assets and other intangible assets with a limited period of usage are provided on a straight-line basis over the expected economic and technical useful lives of the assets.

For tangible fixed assets, the expected useful lives and the residual value are determined at the time of acquisition and are re-assessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

The expected useful lives are as follows:

Other intangible assets	5 years
Leasehold improvements	5 - 10 years
Company cars	4 - 7 years
Technical equipment and fixtures	2 - 5 years
Rental vehicles	1 - 3 years

Depreciations/Amortizations are recognized in the income statement as direct cost, sales and distribution costs and administration costs.

Financial statements 1 January – 31 December

Accounting practices applied

Financial income and expenses

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

Corporation Taxes

The annual tax, which comprises the current tax and deferred tax noncurrent, is included in the profit and loss statement with the part that can be attributed to the annual result, and directly in the shareholder's equity with the part, that can be attributed to movements direct in the shareholder's equity. The part of the tax included in the profit and loss statement, that relates to the annual, extraordinary result, is attributed to it accordingly, whereas the remaining part is attributed to the annual result from ordinary operation.

Balance sheet

Intangible and Tangible Fixed Assets

Intangible and tangible fixed assets are measured at cost less accumulated depreciations and amortizations. The basis of depreciation is cost price less a possible residual value at the end of useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciations/amortizations are provided on a straight-line basis over the expected economic and technical useful lives of the assets. Please refer to above section for accounting practices for depreciations/amortizations.

The carrying value of intangible as well as tangible fixed assets is evaluated annually for indications of impairment loss aside from what is expressed through the depreciation/amortization. When there are indications that assets may be impaired, impairment test of each asset or groups of assets is carried out. Impairment loss to the recoverable amount is made, if this is lower than the carrying value. The recoverable amount is the higher value of net selling price and value in use. Value in use is calculated as the fair value of the expected net income from the use of the asset or the asset group.

Investments in Subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the companies' net asset value, calculated in agreement with the consolidated accounting principles with deduction or addition of unrealized group internal revenues and losses with deduction or addition

Financial statements 1 January – 31 December

Accounting practices applied

of remaining value of positive or negative goodwill calculated in agreement with the method of acquisition.

Investments in subsidiaries with negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrevocable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognized under provisions.

Net revaluation of investments in subsidiaries is recognized in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Bukkehave Corporation A/S are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the acquisition method is applied; see Consolidated financial statements above.

Inventories

Inventories contains goods for resale. Inventories are measured at average cost, which include the basic purchase price of the goods with the addition of cost directly connected with the purchase. Where the net realization value is lower than average cost price it is written down to this lower value.

Receivables from affiliated companies

Receivables from affiliated companies are measured after an individual assessment of the values at which they are expected to be debited.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognized if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognized on an individual basis.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognized at cost in the reserve for net revaluation according to the equity method.

Financial statements 1 January – 31 December

Accounting practices applied

The reserve may be eliminated in case of losses, realization of investments or a change in accounting estimates.

Dividends

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

Corporation tax and deferred tax

Current tax payable and receivable are recognized in the balance sheet 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.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized 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.

Adjustment is made to deferred tax resulting from elimination of unrealized intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to realize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Debts

Financial liabilities comprising amounts owed to financial institutions, debt to suppliers and payables to affiliated companies are recognized at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Cash flow statement

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

Financial statements 1 January – 31 December

Accounting practices applied

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flow from acquisitions of enterprises are recognized in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognized up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group´s share of profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flow from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group´s share capital and related costs as well as the raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Net Cash funds

Net cash funds comprise cash and short term debt to financial institutions.

Foreign Currency Translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as direct cost.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as direct cost.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognized directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Financial statements 1 January – 31 December

Accounting practices applied

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Derivative Financial Instruments

Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently measured 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 hedge of the fair value of a recognized asset or liability are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognized in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognized in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognized directly in equity.

Financial statements 1 January – 31 December

Accounting practices applied

Key figures

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

Contribution Ratio	Gross profit x 100 / Net turnover
Net Profit ratio	Result of primary operations x 100 / Net turnover
Return on assets	Result of primary operations / Average assets
Return on equity	The Bukkehave group´s share of result for the year x 100 / Average equity
Equity ratio	Equity at year end x 100 / Average liabilities year-end

Income statement

For the period January 1st. - December 31st.

Notes		Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
	Net turnover	492.732.328	484.927.860	30.186.257	28.108.579
	Direct costs	406.314.840	400.855.729	27.499.843	25.161.177
	Gross profit	**86.417.488**	**84.072.131**	**2.686.414**	**2.947.402**
	Sales- and distribution costs	19.111.832	16.534.579	9.383.028	7.389.267
	Administration costs	27.406.117	23.946.099	15.029.757	11.347.841
4	Other operating income	244.656	440.280	31.732.558	33.383.213
4	Other operating costs	195.120	0	195.120	0
	Result of primary operations	**39.949.075**	**44.031.733**	**9.811.067**	**17.593.507**
2	Result after tax in subsidaires	0	0	18.221.434	15.753.423
5	Financial income	1.558.236	1.537.353	1.519.890	1.802.992
5	Financial costs	933.867	1.609.391	1.205.999	2.391.703
	Result before tax	**40.573.443**	**43.959.694**	**28.346.393**	**32.758.219**
6	Tax on the result of the year	-17.931.125	-12.260.676	-5.495.655	0
	Result for the financial year	**22.642.318**	**31.699.019**	**22.850.738**	**32.758.219**

Breakdown of the consolidated result of the year:

	2017	2016
Shareholders, Bukkehave Corporation A/S	22.850.738	32.758.219
Minority interest	-208.419	-1.059.201
	22.642.318	31.699.019

Balance sheet
as per December 31st.

Notes	ASSETS	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
	Fixed assets				
3	**Intangible fixed assets:**				
	Goodwill	2.835.224	3.307.762	0	0
	Other intangible assets	0	2.596	0	0
		2.835.224	3.310.358	0	0
3	**Tangible fixed assets:**				
	Leasehold improvements	450.954	977.559	450.954	977.559
	Technical equipment and fixtures	754.002	829.214	74.960	455.886
	Company cars	200.670	659.645	0	654.416
		1.405.626	2.466.418	525.914	2.087.861
	Financial fixed assets				
2	Investments in subsidiaries	0	0	60.043.235	48.745.298
6	Deferred tax asset	173.809	10.162.129	0	8.295.655
		173.809	10.162.129	60.043.235	57.040.953
	Total fixed assets	4.414.659	15.938.906	60.569.149	59.128.814
	Current assets				
	Inventory	9.983.291	46.127.538	870.276	1.068.164
	Receivables:				
	Prepayments to suppliers	730.255	38.223.656	0	1.466.000
	Receivables from affiliated companies	39.035.425	32.876.857	45.671.103	40.463.500
	Trade accounts receivable	8.498.562	7.826.736	140.173	9.533
12	Other receivables	1.590.173	9.633.519	363.204	665.180
	Prepaid income tax	1.665.110	0	0	0
6	Deferred tax asset	2.800.000	0	2.800.000	0
	Accruals	554.442	1.490.126	220.443	1.048.439
		54.873.967	90.050.895	49.194.923	43.652.652
	Cash funds	17.669.511	82.606.353	5.624.668	32.185
	Total current assets	82.526.770	218.784.786	55.689.867	44.753.001
	TOTAL ASSETS	86.941.429	234.723.692	116.259.016	103.881.815

Balance sheet

as per December 31st.

Notes	LIABILITIES	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
	Shareholder's equity				
	Share capital	27.600.000	27.600.000	27.600.000	27.600.000
	Reserve for net revaluation under the equity method	0	0	8.988.180	0
	Retained earnings	9.303.268	20.253.799	315.088	20.253.799
	Proposed dividend	29.000.000	30.000.000	29.000.000	30.000.000
	Total shareholder's equity, Bukkehave Corporation A/S	**65.903.268**	**77.853.799**	**65.903.268**	**77.853.799**
	Minority interest	**-1.241.230**	**-956.445**	**0**	**0**
	Total equity	**64.662.038**	**76.897.354**	**65.903.268**	**77.853.799**
	Debt				
	Long-term debt:				
	Leasing commitment	22.727	0	22.727	0
11	Total Long-term debt	22.727	0	22.727	0
	Short-term debt:				
	Prepayments from customers	1.772.358	127.619.912	174.955	392.605
	Debt to financial institutions	6.636.038	6.334.372	0	6.334.372
	Debt to suppliers	1.868.460	6.782.341	182.038	2.278.223
	Debt to affiliated companies	151.537	145.004	41.522.529	11.636.838
6	Corporation tax payable	0	7.643.768	0	0
	Leasing commitment	7.888	634.201	7.888	634.201
13	Other debt	11.820.384	8.420.995	8.445.611	4.716.136
	Accruals	0	245.745	0	35.641
	Total short-term debt	22.256.665	157.826.338	50.333.021	26.028.016
	Total debt	**22.279.392**	**157.826.338**	**50.355.748**	**26.028.016**
	TOTAL LIABILITIES	**86.941.429**	**234.723.692**	**116.259.016**	**103.881.815**

7 Pledges, securities and contingent liabilities
8 Employees
9 Foreign exchange risk, derivative financial instruments
10 Related party disclosures

Cash flow statement

For the period January 1st. - December 31st.

	Group 2017	Group 2016
Cash flows from operating activities		
Result before tax	40.573.443	43.959.694
Depreciations for the year	1.382.092	1.815.658
Impairment losses for the year	0	1.058.368
Loss due to sale of fixed assets	195.120	-203.244
Corporation tax paid a.o.	-20.182.876	-10.209.816
Cash generated from operations before changes in working capital	21.967.779	36.420.661
Change in inventory	36.144.247	-41.387.680
Change in prepayments to suppliers	37.493.401	-21.239.783
Change in receivables, accruals	2.148.637	196.961
Change in received prepayments from customers	-125.847.554	123.722.625
Change in debt to suppliers	-4.913.881	1.966.246
Change in other debt, accruals a.o.	2.533.865	4.400.203
Currency translation adjustments of investments in subsidiaries etc.	-4.746.432	-2.141.214
Cash flows from operating activities	**-35.219.940**	**101.938.017**
Investing activities		
Net value of purchase and sale of tangible fixed assets	-41.294	-66.486
Receivables from affiliated companies	0	6.646.546
Cash flows from investing activities	**-41.294**	**6.580.060**
Financing activity		
Paid dividend	-30.000.000	-6.000.000
Long-term debt	22.727	-637.498
Cash flows from Financing activities	**-29.977.273**	**-6.637.498**
Change in net cash funds for the year	**-65.238.507**	**101.880.580**
Net cash funds, opening	76.271.981	-25.608.599
Change in net cash funds during the year	-65.238.507	101.880.580
Net cash funds year end	**11.033.474**	**76.271.981**

The item "net cash funds" represents cash funds plus short-term debt to financial institutions.

The cash flow statement cannot be directly inferred from other components to the Group accounts.

Statement of shareholder's equity

pr. 31. december/as per December 31st.

	Group				
	Share capital	Proposed dividend	Retained earnings	Minority-interest	Total
Equity as per 31.12.2015	27.600.000	6.000.000	21.857.868	-2.035.508	53.422.359
Aquisition of minority interest	0	0	-2.643.291	2.643.291	0
Paid dividend	0	-6.000.000	0	0	-6.000.000
Currency translation adjustments	0	0	332.565	-505.027	-172.462
Revaluation of hedging instruments, net	0	0	-2.051.562	0	-2.051.562
Profit distribution on Result of the financial year	0	30.000.000	2.758.219	-1.059.201	31.699.019
Equity as per 31.12.2016	**27.600.000**	**30.000.000**	**20.253.799**	**-956.445**	**76.897.354**
Paid dividend	0	-30.000.000	0		-30.000.000
Currency translation adjustments	0	0	-6.923.497	-76.364	-6.999.861
Revaluation of hedging instruments, net	0	0	2.122.228	0	2.122.228
Profit distribution on Result of the financial year	0	29.000.000	-6.149.262	-208.420	22.642.317
Equity as per 31.12.2017	**27.600.000**	**29.000.000**	**9.303.268**	**-1.241.229**	**64.662.038**

Statement of shareholder´s equity

as per December 31st.

	Parent company				
	Share capital	Reserve for net revaluation under the equity method	Proposed dividend	Retained earnings	Total
Equity as per 31.12.2015	27.600.000	4.306.295	6.000.000	17.551.573	55.457.868
Aquisition of minority interest	0	0	0	-2.643.291	-2.643.291
Currency translation adjustments	0	0	0	332.565	332.565
Paid dividend	0	0	-6.000.000	0	-6.000.000
Revaluation of hedging instruments, net	0	0	0	-2.051.562	-2.051.562
Profit distribution on Result of the financial year	0	-4.306.295	30.000.000	7.064.514	32.758.219
Equity as per 31.12.2016	27.600.000	0	30.000.000	20.253.799	77.853.799
Currency translation adjustments	0	0	0	-6.923.497	-6.923.497
Paid dividend	0	0	-30.000.000	0	-30.000.000
Revaluation of hedging instruments, net	0	0	0	2.122.228	2.122.228
Profit distribution on Result of the financial year	0	8.988.180	29.000.000	-15.137.442	22.850.738
Equity as per 31.12.2017	27.600.000	8.988.180	29.000.000	315.088	65.903.268

Sharecapital - 2017-2013	2017	2016	2015	2014	2013
Balance 01 January	27.600.000	27.600.000	22.600.000	22.600.000	12.600.000
Capital increase	0	0	5.000.000	0	10.000.000
Balance 31 December	27.600.000	27.600.000	27.600.000	22.600.000	22.600.000

27.600.000 shares of DKK 1 each	27.600.000

Notes to the accounts of 2017

Notes

1 **Significant matters in relation to the Financial statement**

Recorded Tax asset

The company's tax asset is primarily related to differences between the carrying amount and the tax value of tangible fixed assets.

Due to the significant reduction of activity in the parent company Bukkehave Corporation, the related tax asset has been reduced from app. DKK 8.3 million to app. DKK 2.8 million. The remaining tax asset is related to a specific income generating transaction of DKK 16.6 million completed in January 2018.

Liquidity and capital resources

During 2017 the company has settled the majority of its ordinary credit lines and only project financing facilities and a minor overdraft credit line remains in relation to the subsidiary Bukkehave Inc.

Based on the budget for 2018, management are confident that the company will have sufficient credit facilties available.

The company has an constructive ongoing dialogue with it's bank about operational and cash flow status and which primarely is expected to consider financing of potential larger projects.

Management expects to continue the engagement on the current conditions, with a possibility to obtain specific extraordinary facilities if needed for very large projects.

Notes to the accounts of 2017

Notes

2 Investment in Subsidiaries

as per December 31st.

	Parent company 2017	Parent company 2016
Cost price as per January 1	51.055.055	44.174.155
Increase during the year	0	6.880.900
Cost price as per December 31	**51.055.055**	**51.055.055**
Revaluations as per January 1	-2.309.757	4.306.295
Adjustment of opening equity	45.437	0
Paid dividend	0	-20.058.750
Negative equity transferred from/to minority shareholder	0	-2.643.291
Currency translation adjustments	-6.968.934	332.565
Annual result before tax	31.032.268	28.411.676
Tax for the year	-12.338.295	-12.185.714
Amortization of goodwill	-472.538	-472.538
Revaluations as per December 31	**8.988.180**	**-2.309.757**
Book value as per December 31	**60.043.235**	**48.745.298**

Investments in subsidiaries are specified as follows:

	Domicile	Share of ownership	Share capital	Share of Equity capital December 31	Share of Annual result
Bukkehave Inc.	Ft. Lauderdale USA	100%	1 USD	62.141.622	19.645.832
Bukkehave Distribution ApS	Svendborg Denmark	68,6%	28.912.700 DKK	-2.714.941	-455.339
Buk PNG Limited	Port Moresby Papua New Guinea	100%	1 PGK	-2.218.671	-496.521
Accounting value as per December 31, 2017				57.208.010	18.693.972
Goodwill January 01, 2017				3.307.762	
Amortization for the year				-472.538	-472.538
Investments in subsidiaries as per December 31, 2017				**60.043.235**	**18.221.434**

Notes to the accounts of 2017

Notes

3 INTANGIBLE FIXED ASSETS

	Group	
	Goodwill	*Other*
Cost price as per January 1	9.450.752	937.807
Exchange rate adjustment	0	-118.136
Disposal, cost price		0
Increase	0	0
Cost price as per December 31. 2017	**9.450.752**	**819.671**
Amortization as per January 1	6.142.990	935.211
Exchange rate adjustment		-117.809
Amortization on the year's disposals		0
Amortization for the year	472.538	2.269
Amortization as per December 31, 2017	**6.615.528**	**819.671**
Book value as per December 31, 2017	**2.835.224**	**0**

The annual amortization on the Profit and Loss Account are distributed as follows:

Sales- and distribution costs	2.269
Administration cost	472.538
	474.807

Notes to the accounts of 2017

Notes

3 TANGIBLE FIXED ASSETS
continued

	Group		
	Leasehold improvements	*Technical equipment and fixtures*	*Company cars*
Cost price as per 01.01.2017	5.482.966	7.632.237	1.024.536
Exchange rate adjustment	-7.199	-106.556	-10.512
Increase	0	521.672	841.933
Disposal, cost price	0	-902.445	-1.453.685
Cost price as per 31.12.2017	**5.475.767**	**7.144.908**	**402.272**
Depreciations as per 01.01.2017	4.505.406	6.803.022	364.897
Exchange rate adjustment	-7.199	-56.629	-4.818
Depreciations on the year's disposals	0	-567.856	-326.787
Depreciations of the year	526.606	212.369	168.310
Depreciations as per 31.12.2017	**5.024.813**	**6.390.906**	**201.602**
Book value as per 31.12.2017	**450.954**	**754.002**	**200.670**
Includes finance leases with a carrying amount totalling		30.263	0

The annual depreciations on the Profit and Loss Account are distributed as follows:

Direct costs	0
Sales- and distribution costs	134.056
Administration cost	773.230
	907.285

Notes to the accounts of 2017

Notes

3 TANGIBLE FIXED ASSETS
continued

	Parent company		
	Leasehold improvements	*Technical equipment and fixtures*	*Company cars*
Cost price as per 01.01.2017	5.335.721	1.151.748	831.288
Increase	0	121.157	601.124
Disposal, cost price	0	-902.445	-1.432.412
Cost price as per 31.12.2017	**5.335.721**	**370.460**	**0**
Depreciations as per 01.01.2017	4.358.161	695.861	176.872
Depreciations on the year's disposal	0	-527.884	-286.815
Depreciations for the year	526.606	127.523	109.943
Depreciations as per 31.12.2017	**4.884.767**	**295.500**	**0**
Book value as per 31.12.2017	**450.954**	**74.960**	**0**
Includes finance leases with a carrying amount totalling		30.263	0

The annual depreciations on the Profit and Loss Account are distributed as follows:

Direct costs	0
Sales- and distribution costs	112.895
Administration cost	651.175
	764.070

Notes to the accounts of 2017

Notes		Group 2017	Group 2016	Parent company 2017	Parent company 2016
4	**OTHER OPERATING INCOME AND COSTS**				
	Other operating income				
	Intercompany fees	244.656	237.036	31.732.558	33.295.213
	Gain on sale of tangible fixed assets	0	203.244	0	88.000
		244.656	440.280	31.732.558	33.383.213
	Other operating costs				
	Loss on sale of tangible fixed assets	195.120	0	195.120	0
		195.120	0	195.120	0
5	**FINANCIAL INCOME AND COSTS**				
	Financial income				
	Interest from affiliated companies	1.212.355	1.324.093	1.514.634	1.802.727
	Other financial income	345.881	213.260	5.256	265
		1.558.236	1.537.353	1.519.890	1.802.992
	Financial costs				
	Interest to affiliated companies	6.533	8.035	885.415	1.408.980
	Other interest	625.574	1.281.477	154.751	831.098
	Other financial costs	301.760	319.879	165.833	151.625
		933.867	1.609.391	1.205.999	2.391.703
6	**COMPANY TAX**				
	Current tax for the year	10.873.998	12.611.873	0	0
	Adjustment of deferred tax	7.057.127	-351.198	5.495.655	0
		17.931.125	12.260.676	5.495.655	0
	Company tax paid during the year	-20.182.876	-10.209.816	0	0

In the capitalized deferred tax asset, which has been entered with DKK 3.0 million (2.8 million related to the parent company and 0.2 million related to subsidiaries) an evaluation of the possibility to use the tax asset has been made. This evaluation includes only expected positive taxable income for the years 2018-2022.

Notes to the accounts of 2017

Notes

7 PLEDGES, SECURITIES AND CONTINGENT LIABILITIES

Parent company and Group:
As a security for the group's banking agreements, borrowings pursuant to these agreements are collateralized by all the assets of the company, except of shares in subsidiaries, however not exceeding DKK 50.0 million. As of 31 December 2017 total drawings under the said agreements amounted to DKK 6.6 million.
Further, as a security for the group's banking agreement, shares in subsidiary companies have been pledged. As of 31 December 2017 book value is DKK 65.0 million.

Security was also provided in bank deposits totalling DKK 5.6 million at 31 December 2017.
Invoice discounting arrangements with the groups bank connections have been made. As of 31 December 2017 the book value is DKK 4.1 million.
Bank guarantees etc. to customers and suppliers have been provided at a total value of DKK 0.2 million.

The parent company have provided guarantee for Bukkehave Inc.'s banking agreements.

As a security for the group's agreements with financial institutions, borrowings pursuant to these agreements are collateralized by all the assets and share capital of Bukkehave, Inc., however not exceeding DKK 11.0 million.
As of 31 December 2017 the total outstanding gross balance under these agreements was DKK 6.6 million.

On the balance sheet date the future non-cancelable operating lease payments amount to DKK 1.4 million for the Group as a whole.
Due for payment within 1 year is DKK 1.0 million and within 5 years DKK 0.0 million.

The parent company is jointly taxed with the Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interests and royalties. At 31 December 2017, the net taxes payable to the Danish Central Tax Administration by the companies included in the joint taxation amounted to DKK 0.0 thousand. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase. The Group as a whole is not liable to others.

	Group		Parent company	
8 EMPLOYEES	**2017**	**2016**	**2017**	**2016**
Wages, salaries and director's fees	29.636.460	23.510.279	15.309.718	10.147.477
Pension plan contributions	1.123.186	1.110.372	526.499	535.679
Other social costs	1.877.571	1.697.112	244.810	272.404
	32.637.217	**26.317.763**	**16.081.027**	**10.955.561**
From the above, following constitutes:				
Salaries and pensions, executive board.	8.442.468	5.869.027		
Director's fees	255.915	291.500		
	8.698.383	**6.160.527**		
The average number of employees in the financial year	**21**	**22**	**8**	**8**

Notes to the accounts of 2017

Notes

9 FOREIGN EXCHANGE RISK AND USE OF DERIVATIVE FINANCIAL INSTRUMENTS

The company selectively hedges its foreign currency exposure through the use of currency derivative financial instruments.
Hedging of realized and entered entries primarily consist of receivables and short term debt.

To reduce the effect of fluctuating currency exchange rates on firm commitments related to sale and purchase of goods, currency forward exchange contracts are utilized by the company.

	Value according to contract		Deferred recognition in P&L of gains/losses (-) expected to be realized after the balance sheet date	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Currency forward exchange contracts	6.219.827	174.478.102	64.176	-2.058.052

10 RELATED PARTY DISCLOSURES

The related parties of Bukkehave Corporation A/S are:

Party exercising control
B1925 A/S, Svendborg, Denmark being the wholly owner of the share capital in Bukkehave Corporation A/S and Christian Haar being majority shareholder in B1925 A/S.

Related parties exercising significant influence
Related parties exercising significant influence comprise subsidiary companies, as mentioned in note 2, the Group's Supervisory and Executive Boards, executive employees and their family members.
Further, related parties comprise affiliated companies and other companies in which the above persons have substantial interests.

Transactions with related parties
Transactions with related parties have been done on basis the Arm's lenght principles, so Section 98c(7) of the Danish Financial Statements Act is applied regarding related party.

11 LONG TERM DEBT

Long-term debt which is due in more than 5 years amounts to DKK 0.0 (2016: 0.0) million.

12 OTHER RECEIVABLES

In 2016, Other receivables primarily consist of VAT receivables from Authorities.

13 OTHER DEBT

In 2017 a major part of other debt is related to the value of non-continuing restructuring costs accrued at year end.
In 2016 a major part of other debt is related to the value of outstanding currency derivative financial instruments.

Notes to the accounts of 2017

Notes

14 **APPROPRIATION OF PROFIT/LOSS**

	Parent	
	2017	**2016**
Recommended appropriation of profit/loss		
Dividend proposed for the year	29.000.000	30.000.000
Transferred to reserves under equity	-6.149.262	2.758.219
	22.850.738	**32.758.219**