Norchem A/S

c/o Gorissen Federspiel Advokatpartnerselskab, Axeltorv 2, st. 1.

1609 København V

CVR no. 21 25 46 49

Annual report 2017

Approved at the Company's annual general meeting on 25 May 2018

Chairman:

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Building a better working world

Contents

Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Norchem 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.

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 and the 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 Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

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

Copenhagen, 16 May 2018
Executive Board:

Torgeir Steinhaug

Board of Directors:

Arild Toft
Chairman

Peter Hald Appel

Bernt Daniel Odfjell Jr.

Camilla Odfjell Gruer

Laurence Ward Odfjell

Independent auditor's report

To the shareholders of Norchem A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Norchem A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both 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.

Independent auditor's report

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.

Independent auditor's report

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.

Copenhagen, 16 May 2018
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Reedtz
State Authorised
Public Accountant
MNE no.: mne24830

Management's review

Company details

Name	Norchem A/S
Address, Postal code, City	c/o Gorissen Federspiel Advokatpartnerselskab, Axeltorv 2, st. 1., 1609 København V
CVR no.	21 25 46 49
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Arild Toft, Chairman Peter Hald Appel Bernt Daniel Odfjell Jr. Camilla Odfjell Gruer Laurence Ward Odfjell
Executive Board	Torgeir Steinhaug
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, Postboks 250, 2000 Frederiksberg

Management's review

Financial highlights for the Group

DKK'000	2017	2016	2015	2014	2013
Key figures					
Gross margin	-1.532	2.900	6.084	1.747	-752
Profit/loss from ordinary activities	-8.616	-6.085	-5.738	-10.281	-10.632
Profit/loss from net financials	-8.036	11.875	9.974	5.101	-7.966
Profit/loss for the year	186.080	244.068	-78.204	-156.817	-207.238
Total assets	1.953.649	1.930.909	1.694.777	1.493.258	1.595.674
Portion relating to investments in items of property, plant and equipment	-3.276	-1.503	-2.748	0	0
Equity	1.945.671	1.920.934	1.685.446	1.486.329	1.566.611
Cash flow from operating activities	-7.926	3.259	82.207	-40.677	-19.444
Cash flow from investing activities	1.540	7.489	-25.892	20.430	-29.165
Cash flow from financing activities	264	-477	0	0	0
Total cash flows	-6.122	10.271	56.315	-20.247	-48.609
Financial ratios					
Return on assets	-0,4 %	-0,3 %	-0,4 %	-0,7 %	-0,6 %
Current ratio	4.254,1 %	2.597,1 %	2.955,1 %	6.103,4 %	468,4 %
Solvency ratio	99,59 %	99,5 %	99,4 %	99,5 %	98,2 %
Return on equity	9,6 %	13,5 %	-4,9 %	-10,3 %	-11,9 %
Average number of full-time employees	82	81	84	76	92

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society .

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets: $\dfrac{\text{Profit/loss from operating activities}}{\text{Average assets X 100}}$

Current ratio: $\dfrac{\text{Current assets X 100}}{\text{Current liabilities}}$

Solvency ratio: $\dfrac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$

Return on equity: $\dfrac{\text{Profit/loss for the year x 100}}{\text{Average equity excl. non-controlling interests}}$

Management's review

Business review

The Group's main objectives are to own equity investments in associates, trade in securities and run a vineyard in Chile.

Financial review

The consolidated income statement, including equity investments in associates, shows a result of DKK 186 million for 2017, compared with DKK 244 million for 2016. At 31 December 2017, the balance sheet shows equity of DKK 1.946 millions. The result is in line with the expectations.

The Board is not satisfied with the underlying financial results in Odfjell SE, but given the challenging markets, is pleased with the Odfjell SE's continued good progress and the overall strengthening of competitiveness and balance sheet. Further, the Board is not satisfied with the results of Odfjell Vineyards S.A.

Risks

The Group is exposed to the changes in value in the companies they own, ie. Odfjell SE and Odfjell Vineyard S.A. Since the two companies have their functional currency in USD and CLP respectively, the Group is therefore exposed to currency risks in changes of the currency rates between DKK/USD and DKK/CLP.

The Group has no interest-bearing debt and therefore they have no interest risk.

The Group has a relatively small holding of cash, only 4 % of total assets. Together with listed shares, bonds and short term receivables the Group has DKK 164.2 mill, corresponding to 8.4 % af total assets. Other assets are mainly strategic investments, which may be difficult to sell and release cash.

Impact on the external environment

The Company has not had any significant impact on the external environment in 2017.

Events after the balance sheet date

No significant events have occurred subsequent to the financial year-end.

Outlook

Management expects an underlying financial result for 2018 similar to 2017.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

Note	DKK'000	Group 2017	Group 2016	Parent 2017	Parent 2016
	Gross margin	-1.532	2.900	-876	-2.044
2	Staff costs	-4.580	-6.305	-83	-40
	Amortisation/depreciation of intangible assets and property, plant and equipment	-2.504	-2.680	0	0
	Profit/loss before net financials	-8.616	-6.085	-959	-2.084
	Share of net profit/loss in subsidiaries	0	0	-11.000	-3.350
	Share of net profit/loss in associates	201.268	239.824	35.038	0
3	Financial income	3.711	13.604	3.300	9.741
4	Financial expenses	-11.747	-1.729	-11.682	-1.164
	Profit/loss before tax	184.616	245.614	14.697	3.143
5	Tax for the year	1.464	-1.546	2.058	-1.484
	Profit/loss for the year	186.080	244.068	16.755	1.659

	2017	2016
Breakdown of the consolidated results of operations:		
Shareholders, Norchem A/S	186.077	244.065
Non-controlling interests	3	3
	186.080	244.068

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent	
Note	DKK'000	2017	2016	2017	2016
	ASSETS				
	Fixed assets				
6	**Intangible assets**				
	Acquired intangible assets	1.092	879	0	0
		1.092	879	0	0
7	**Property, plant and equipment**				
	Land and buildings	47.557	48.969	0	0
	Plant and machinery	5.159	4.090	0	0
	Fixtures and fittings, plant and equipment	110	133	0	0
		52.826	53.192	0	0
8	**Investments**				
	Investments in group enterprises	0	0	75.220	74.076
	Investments in associates	1.735.521	1.723.679	576.675	571.546
	Receivables from associates	0	12.394	0	12.394
		1.735.521	1.736.073	651.895	658.016
	Total fixed assets	1.789.439	1.790.144	651.895	658.016
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	3.212	3.384	0	0
	Work in progress	7.625	8.198	0	0
	Finished goods and goods for resale	6.731	3.285	0	0
		17.568	14.867	0	0
	Receivables				
	Trade receivables	5.921	7.651	0	0
	Receivables from subsidiaries	0	0	0	3.867
9	Deferred tax assets	2.668	336	2.062	0
	Corporation tax receivable	1.544	2.291	534	468
	Other receivables	374	1.061	12	888
		10.507	11.339	2.608	5.223
	Securities and investments	50.469	15.079	50.202	10.681
	Cash	85.666	99.480	81.625	96.153
	Total current assets	164.210	140.765	134.435	112.057
	TOTAL ASSETS	1.953.649	1.930.909	786.330	770.073

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent	
Note	DKK'000	2017	2016	2017	2016
	EQUITY AND LIABILITIES				
	Equity				
10	Share capital	51.600	51.600	51.600	51.600
	Retained earnings	1.894.043	1.869.305	730.552	713.797
	Equity holders' share of equity, Norchem A/S	1.945.643	1.920.905	782.152	765.397
	Non-controlling interests	28	29	0	0
	Total equity	1.945.671	1.920.934	782.152	765.397
11	**Non-current liabilities**				
	Bank debt	298	215	0	0
	Payables to shareholders and management	3.820	4.340	3.820	4.340
	Total non-current liabilities	4.118	4.555	3.820	4.340
	Current liabilities				
11	Bank debt	317	135	0	0
	Trade payables	2.406	3.910	0	0
	Payables to subsidiaries	0	0	0	96
	Corporation tax payable	0	204	0	0
	Payables to shareholders and management	0	202	0	0
	Other payables	1.137	969	358	240
	Total current liabilities	3.860	5.420	358	336
	Total liabilities	7.978	9.975	4.178	4.676
	TOTAL EQUITY AND LIABILITIES	1.953.649	1.930.909	786.330	770.073

1 Accounting policies
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Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

	Group				
DKK'000	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2017	51.600	1.869.305	1.920.905	29	1.920.934
Transfer, see "Appropriation of profit/loss"	0	186.077	186.077	3	186.080
Foreign exchange adjustments	0	-208.683	-208.683	-4	-208.687
Other value adjustments of equity	0	47.344	47.344	0	47.344
Equity at 31 December 2017	51.600	1.894.043	1.945.643	28	1.945.671

	Parent		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2017	51.600	713.797	765.397
Transfer, see "Appropriation of profit/loss"	0	16.755	16.755
Equity at 31 December 2017	51.600	730.552	782.152

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	Group 2017	Group 2016
	Profit/loss for the year	186.080	244.068
15	Adjustments	-193.619	-242.354
	Cash generated from operations before changes in working capital	-7.539	1.714
16	Changes in working capital	-1.822	-198
	Cash generated from operations	-9.361	1.516
	Interest received	1.949	1.428
	Interest paid	-357	0
	Other financial adjustment related to operating activities	-120	1.715
	Income taxes paid	-37	-1.400
	Cash flows from operating activities	**-7.926**	**3.259**
	Acquisition of intangible assets	-332	-143
	Disposal of intangible assets	0	24
	Acquisition of property, plant and equipment	-3.276	-1.503
	Disposal of property, plant and equipment	571	0
	Purchase of shares in associates	-5.129	0
	Disposals of shares in enterprises	0	3.090
	Purchase and sale of investments and securities	-25.332	6.021
	Received dividend from associates	35.038	0
	Cash flows from investing activities	**1.540**	**7.489**
	Loan financing:		
	Repayment of non-current liabilities	0	-477
	Increase in bank debt	264	0
	Cash flows from financing activities	**264**	**-477**
	Net cash flows	-6.122	10.271
	Cash and cash equivalents, beginning of year	99.480	85.511
	Exchange rate adjustments, cash	-7.692	3.698
17	**Cash and cash equivalents, year-end**	**85.666**	**99.480**

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies**

The annual report of Norchem A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Norchem A/S and subsidiaries controlled by Norchem A/S.

Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity.

Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and impact of potential voting rights that are actually exercisable or convertible are taken into account when assessing whether control exists.

Preparation of consolidated financial statements

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated.

Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

Entities acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Corporate acquisitions are accounted for using the purchase method, according to which the acquired entity's identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, hence, the calculation of goodwill. Restructuring costs decided by the acquiring entity must be recognised in the income statement. Allowance is made for the tax effect of revaluations made. Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met. Goodwill and negative goodwill from acquired entities can be adjusted until 12 months after the year of acquisition.

Entities over which the Group has significant influence are considered associates. The Group is considered to have significant influence when it directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised 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.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments 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 recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity must be transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Income statement

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to administration, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life.

The expected useful lives of the assets are as follows:

Acquired intangible assets	20 years
Land and buildings	8-30 years
Plant and machinery	12 years
Fixtures and fittings, other plant and equipment	8 years

Profit/loss from investments in subsidiaries and associates

Parent:

The item includes dividend received from subsidiaries and associates to the extent that the dividend does not exceed the accumulated earnings in the subsidiary or the associate in the period of ownership.

Group:

The item includes the entity's proportionate share of the profit/loss for the year in associates after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Other intangible assets include other acquired intangible rights. Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Vessels are revalued at fair value. Revaluations and reversals hereof, less deferred tax, are taken directly to equity. The fair value is made up on the basis of an external assessment based on discounted cash flows.

Investments in subsidiaries and associates

Group:

In the consolidated financial statements, investments in associates are measured using the equity method at the parent's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment to the extent that the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' to the extent that the parent has a legal or constructive obligation to cover the deficit.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

Parent:

Investments in subsidiaries and associates are measured at cost in the parent company. Dividends received which exceed the accumulated earnings in the subsidiary or the associate in the period of ownership are accounted for as a cost reduction.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value.

An impairment loss is recognised 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 recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Securities and equity investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, 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 Management's intended use of the asset or settlement of the liability, respectively.

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 crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

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Notes

1 **Accounting policies (continued)**

Cash flow statement

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

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

Cash flows from operating activities

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

Cash flows from investing activities

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

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 dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash in banks.

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2 Staff costs

	Group		Parent	
DKK'000	2017	2016	2017	2016
Wages and salaries	4.580	6.305	83	40
	4.580	6.305	83	40
Average number of full-time employees	82	81	0	0

Total remuneration for Group Management: 293 t.kr. (2016: 1.193 t.kr.)

Total remuneration for Parent Company Management: 83 t.kr. (2016: 40 t.kr.)

3 Financial income

Interest receivable, group entities	0	0	0	123
Other interest income	3.711	13.604	3.300	9.618
	3.711	13.604	3.300	9.741

4 Financial expenses

Interest paid, group entities	0	0	23	0
Other financial expenses	11.747	1.729	11.659	1.164
	11.747	1.729	11.682	1.164

5 Tax for the year

Current tax charge for the year	0	734	0	672
Adjustment of the deferred tax charge for the year	-1.469	812	-2.063	812
Adjustments, prior years	5	0	5	0
	-1.464	1546	-2.058	1484

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6 Intangible assets

DKK'000	Group Acquired intangible assets
Cost at 1 January 2017	1.244
Exchange rate adjustment relating to foreign entities	-56
Additions	332
Cost at 31 December 2017	1.520
Amortisation and impairment losses at 1 January 2017	365
Exchange rate adjustment relating to foreign entities	-16
Amortisation	79
Amortisation and impairment losses at 31 December 2017	428
Carrying amount at 31 December 2017	1.092

7 Property, plant and equipment

	Group			
DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, plant and equipment	Total
Cost at 1 January 2017	87.423	25.192	755	113.370
Exchange rate adjustment relating to foreign entities	-3.908	-1.126	-34	-5.068
Additions	824	2.452	0	3.276
Disposals	-183	-388	0	-571
Cost at 31 December 2017	84.156	26.130	721	111.007
Depreciation and impairment losses at 1 January 2017	38.454	21.102	622	60.178
Exchange rate adjustment	-1.719	-943	-28	-2.690
Other adjustments	-1.733	0	0	-1.733
Depreciation	1.597	810	17	2.424
Disposals	0	0	0	0
Depreciation and impairment losses at 31 December 2017	36.599	20.969	611	58.179
Carrying amount at 31 December 2017	47.557	5.161	110	52.828

Items of property, plant and equipment include assets held under finance leases with a carrying amount totalling 836 t.kr.

Note 12 provides more details on security as regards property, plant and equipment.

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Notes

8 Investments

DKK'000	Group Investments in associates	Receivables from associates	Total
Cost at 1 January 2017	571.546	12.394	583.940
Additions	5.129	0	5.129
Disposals	0	-12.394	-12.394
Cost at 31 December 2017	576.675	0	576.675
Value adjustments at 1 January 2017	1.152.133	0	1.152.133
Exchange rate adjustment to value at 1 January 2017	-205.129	0	-205.129
Value adjustments related to additions in investment in associates	8.559	0	8.559
Profit/loss for the year	192.709	0	192.709
Dividend distribution	-35.038	0	-35.038
Changes in equity	42.861	0	42.861
Other adjustments	2.751	0	2.751
Value adjustments at 31 December 2017	1.158.846	0	1.158.846
Carrying amount at 31 December 2017	1.735.521	0	1.735.521

Name	registered office	Ownership	Profit/loss DKK'000	Equity DKK'000
Associates				
Odfjell SE	Norway	34,27 %	562.327	5.064.257

DKK'000	Parent Investments in group enterprises	Investments in associates	Receivables from associates	Total
Cost at 1 January 2017	114.076	571.546	12.394	698.016
Additions	12.144	5.129	0	17.273
Disposals	0	0	-12.394	-12.394
Cost at 31 December 2017	126.220	576.675	0	702.895
Value adjustments at 1 January 2017	-40.000	0	0	-40.000
Impairment losses	-11.000	0	0	-11.000
Value adjustments at 31 December 2017	-51.000	0	0	-51.000
Carrying amount at 31 December 2017	75.220	576.675	0	651.895

Name	registered office	Ownership	Profit/loss DKK'000	Equity DKK'000
Group enterprises				
Norchem Trading A/S	Norway	100 %	-162	2.713
Norchem Treasure Services Ltd	UK	100 %	131	532
Odfjell Vineyards S.A.	Chile	99,99 %	-7.575	74.915
Associates				
Odfjell SE	Norway	34,27 %	562.327	5.064.257

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9 **Deferred tax assets**

Deferred tax assets relates to temporary difference between the carrying amount and the tax base of the groups assets and tax losses carried forward.

10 **Share capital**

The share capital comprises:

5.000.000 class A shares of DKK 1,00 each
46.600.000 class B shares of DKK 1,00 each

The share capital has remained unchanged for the past five years.

11 **Debt to mortgage credit institutions and other credit institutions**

Analysis of liabilities:

	Group			
DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-tem portion	Outstanding debt after 5 years
Bank debt	615	317	298	0
Payables to shareholders and management	3.820	0	3.820	0
	4.435	317	4.118	0

	Parent			
DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-tem portion	Outstanding debt after 5 years
Payables to shareholders and management	3.820	0	3.820	0
	3.820	0	3.820	0

12 **Collateral**

Group

No group assets had been pledged as collateral or otherwise charged at 31 December 2017.

Parent

No parent assets had been pledged as collateral or otherwise charged at 31 December 2017

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Notes

13 Related parties

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Minde Investments Ltd.	Limassol, Cyprus
Bernt Daniel Odfjell Jr.	Cobham, UK
Carl Fredrik Odfjell	Cobham, UK
Camilla Odfjell Gruer	Hønefoss, Norway
Rederiet Odfjell AS	Bergen, Norway

Related party transactions

All related party transactions carried out in the year took place on normal market terms.

DKK'000	Parent 2017	Parent 2016
14 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Transferred to reserves under equity	16.755	1.659
	16.755	1.659

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DKK'000	Group 2017	Group 2016
15 Adjustments		
Amortisation/depreciation and impairment losses	2.504	2.679
Income from investments in associates	-201.268	-239.824
Financial income	-3.711	-13.604
Financial expenses	11.747	1.729
Tax for the year	580	734
Deferred tax	-2.332	587
Other adjustments	-1.139	5.345
	-193.619	-242.354
16 Changes in working capital		
Change in inventories	-2.701	-2.022
Change in receivables	2.417	1.042
Change in trade and other payables	-1.538	782
	-1.822	-198
17 Cash and cash equivalents		
Cash according to the balance sheet	85.666	99.480
	85.666	99.480