

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

APPROVED AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

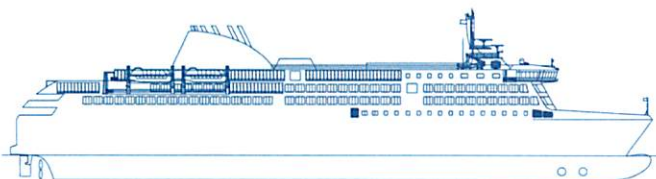
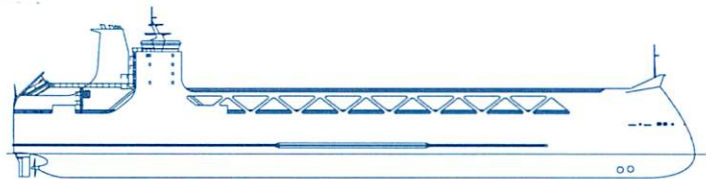
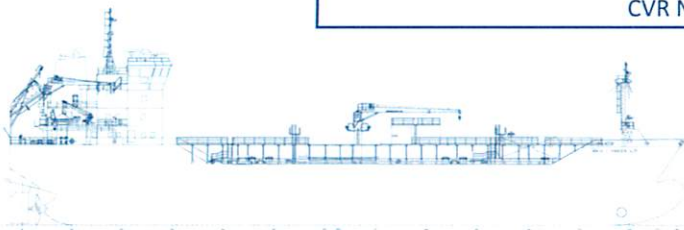
DATE: *27.05.2016*

AS CHAIRMAN:.....

*[Signature]*  
ARNOUT DAMEN

**KNUD E. HANSEN**

Claessensvej 1, 3000 Helsingør, Denmark  
CVR No. 21594873



**KNUD E. HANSEN A/S**  
NAVAL ARCHITECTS DESIGNERS MARINE ENGINEERS - SINCE 1937

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## ATLANTIC STAR

SHIPPAX AWARD 2015

FOR HER REVOLUTIONARY DESIGN, WHICH BRINGS HUGE BENEFITS IN TERMS OF CAPACITY,  
ECONOMY AND AN ENVIRONMENTAL FOOTPRINT



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

The Board of Directors and the Executive Board have today discussed and approved the annual report of Knud E. Hansen A/S Naval Architects for the financial year 1 January - 31 December 2015.

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

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

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Helsingør, 24 May 2016  
Executive Board:



Finn Wollesen Petersen

Board of Directors:



Arnout Jan Damen  
Chairman



Christian Günckel Damsgaard



Nuno Duarte Pereira Martins



Hendrik Jelle Grunstra





## Independent auditors' report

To the shareholder of Knud E. Hansen A/S Naval Architects

### Independent auditors' report on the financial statements

We have audited the financial statements of Knud E. Hansen A/S Naval Architects for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

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

### *Auditors' responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

### *Statement on the Management's review*

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

Copenhagen, 24 May 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28

  
Lissen Fagerlin Hammer  
state authorised public accountant

## Management's review

### Company details

Name	Knud E. Hansen A/S
Address, Postal code, City	Claessensvej 1, 3000 Helsingør
CVR No.	21 59 48 73
Registered office	Helsingør
Financial year	1 January - 31 December
Board of Directors	Arnout Jan Damen, Chairman Christian Günckel Damsgaard Nuno Duarte Pereira Martins Hendrik Jelle Grunstra
Executive Board	Finn Wollesen Petersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	BNP Paribas

## 3800 TEU CONTAINER FEEDER



## Management's review

### Operating review

#### The Company's business review

The Company carries on Consulting, Engineering & Design activities within the Marine & Offshore segments.

#### Financial review

The income statement for 2015 shows a pre-tax income of DKK 2,127,988 against a pre-tax loss of DKK 688,863 last year, and the balance sheet at 31 December 2015 shows equity of DKK 7,657,912.

In year 2015, the Company was involved in several projects around the world and several vessels were delivered to our design. KNUD E HANSEN won the SHIPPAX AWARD for the Atlantic Star delivered to ACL from Hudong Shipyard.

In year 2015, our staff was further increased and our offices in London and in Piraeus were upgraded.

#### Post balance sheet events

No events have occurred after the financial year-end which could significantly affect the Company's financial position.

#### Outlook

Expectations for year 2016 are positive even though the start of the year has been a little slow as two major projects have been postponed.

### "NELLA DAN II"

ICE BREAKER FOR THE AUSTRALIAN ANTARCTIC DIVISION





## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK	2015	2014
	<b>Gross profit</b>	33,315,118	29,176,267
2	Staff costs	-32,452,218	-29,657,922
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-508,813	-491,914
	<b>Operating profit/loss</b>	354,087	-973,569
	Income from investments in group entities	2,104,550	341,906
4	Financial income	36,391	326,387
5	Financial expenses	-367,040	-383,587
	<b>Profit/loss before tax</b>	2,127,988	-688,863
6	Tax for the year	-66,027	232,767
	<b>Profit/loss for the year</b>	<u>2,061,961</u>	<u>-456,096</u>
	<b>Proposed profit appropriation/distribution of loss</b>		
	Net revaluation reserve according to the equity method	2,104,550	341,327
	Retained earnings/accumulated loss	-42,589	-797,423
		<u>2,061,961</u>	<u>-456,096</u>

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	2015	2014
	<b>ASSETS</b>		
	Non-current assets		
7	Intangible assets		
	Acquired intangible assets	161,301	74,407
	Goodwill	0	0
		<u>161,301</u>	<u>74,407</u>
8	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	640,822	378,279
		<u>640,822</u>	<u>378,279</u>
9	Investments		
	Investments in group entities	4,187,450	1,907,107
		<u>4,187,450</u>	<u>1,907,107</u>
	<b>Total non-current assets</b>	<u>4,989,573</u>	<u>2,359,793</u>
	Current assets		
	Receivables		
	Trade receivables	11,574,141	13,252,286
10	Work in progress for third parties	11,890,889	5,182,971
	Receivables from group entities	5,397,169	7,071,853
	Deferred tax assets	923,950	883,565
	Other receivables	2,176,405	1,044,795
	Prepayments	1,190,243	416,493
		<u>33,152,797</u>	<u>27,851,963</u>
	Cash	3,282,646	4,263,499
	<b>Total current assets</b>	<u>36,435,443</u>	<u>32,115,462</u>
	<b>TOTAL ASSETS</b>	<u>41,425,016</u>	<u>34,475,255</u>



## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	2015	2014
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
11	Share capital	601,600	601,600
	Net revaluation reserve according to the equity method	4,153,316	1,872,973
	Retained earnings	2,902,996	2,945,585
	<b>Total equity</b>	<b>7,657,912</b>	<b>5,420,158</b>
	<b>Liabilities other than provisions</b>		
	<b>Non-current liabilities other than provisions</b>		
	Payables to group entities	13,000,000	11,000,000
		<b>13,000,000</b>	<b>11,000,000</b>
	<b>Current liabilities other than provisions</b>		
	Current portion of long-term liabilities	4,300,000	7,000,000
10	Work in progress for third parties	997,441	0
	Trade payables	5,512,002	2,341,249
	Payables to group entities	1,320,741	773,269
	Income taxes payable	15,372	26,116
	Other payables	8,621,548	7,914,463
		<b>20,767,104</b>	<b>18,055,097</b>
	<b>Total liabilities other than provisions</b>	<b>33,767,104</b>	<b>29,055,097</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>41,425,016</b>	<b>34,475,255</b>

- 1 Accounting policies
- 12 Collateral
- 13 Contractual obligations and contingencies, etc.
- 14 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2015	601,600	1,872,973	2,945,585	5,420,158
Profit/loss for the year	0	2,104,550	-42,589	2,061,961
Exchange adjustment	0	175,793	0	175,793
Equity at 31 December 2015	601,600	4,153,316	2,902,996	7,657,912

**EXPEDITION CRUISE VESSEL**

150/300 PASSENGERS • FOR WORLD WIDE OPERATION



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Knud E. Hansen A/S Naval Architects for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies applied by the company are consistent with those of last year.

#### Consolidated financial statements

In pursuance of Section 110 of the Danish Financial Statements Act, consolidated financial statements are not prepared.

#### Reporting currency

The financial statements are presented in Danish kroner.

#### 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 recognised in the income statement as financial income or financial expenses.

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 recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

#### Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

#### Income statement

##### Revenue

Revenue corresponds to the market value of the work performed in the year.

Income from construction contracts where the purchaser has significantly influenced the construction of the asset is recognised as revenue as the production activities are carried on, implying that revenue corresponds to the market value of the contract work performed (production method). This method is used where the total income and expenses and the degree of completion of the contract can be made up reliably.

Where the income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only to the extent that it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sales', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

##### Other operating income

Other operating income comprises items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current assets.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

##### Staff costs

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

##### Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment 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 are as follows:

Acquired IP rights	3 years
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The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Other fixtures and fittings, tools and equipment	3-5 years
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##### Income from investments in group entities

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries 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 statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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, dividends declared 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

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.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, at a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

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.

Gains or losses are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Investments in group entities

Investments in subsidiaries 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 company has a legal or constructive obligation to cover the deficit.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

##### Impairment of non-current assets

Intangible assets and property, plant and equipment are reviewed for impairment on an annual basis. Where there is indication of impairment, each individual asset or group of assets generating independent cash flows is tested for impairment. The carrying amount of impaired assets is reduced to the higher of the value in use and the net selling price (recoverable amount). Where an impairment loss is recognised on a group of assets, a loss is first allocated to goodwill and then to the other assets on a pro rata basis.

##### 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.

##### Work in progress for third parties

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be made up reliably, the market value is measured at the costs incurred to the extent that they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under 'Provisions' and is expensed in the income statement.

The value of each contract in progress less prepayments is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceed the market value.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

##### Equity

###### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

##### Corporation tax

Current tax payable and receivable is recognised 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. 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. 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. In subsequent periods, the 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 liability in respect of finance leases.

Other liabilities are measured at net realisable value.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

	DKK	2015	2014
<b>2 Staff costs</b>			
Wages/salaries		31,080,433	28,336,568
Pensions		940,998	872,493
Other social security costs		327,989	324,929
Other staff costs		102,798	123,932
		<u>32,452,218</u>	<u>29,657,922</u>
<b>3 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment</b>			
Amortisation of intangible assets		129,818	74,408
Depreciation of property, plant and equipment		378,995	417,506
		<u>508,813</u>	<u>491,914</u>
<b>4 Financial income</b>			
Other financial income		36,391	326,387
		<u>36,391</u>	<u>326,387</u>
<b>5 Financial expenses</b>			
Interest expenses, group entities		341,597	365,132
Other financial expenses		25,443	18,455
		<u>367,040</u>	<u>383,587</u>
<b>6 Tax for the year</b>			
Estimated tax charge for the year		107,490	0
Deferred tax adjustments in the year		-40,385	-248,949
Tax adjustments, prior years		-1,078	16,182
		<u>66,027</u>	<u>-232,767</u>

### 2000 PAX CRUISE VESSEL

OPTIMIZED MEDITERRANEAN OPERATION WITH LNG OPTION



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 7 Intangible assets

DKK	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2015	223,223	7,938,569	8,161,792
Additions in the year	216,712	0	216,712
Cost at 31 December 2015	439,935	7,938,569	8,378,504
Impairment losses and amortisation at 1 January 2015	148,816	7,938,569	8,087,385
Amortisation in the year	129,818	0	129,818
Impairment losses and amortisation at 31 December 2015	278,634	7,938,569	8,217,203
Carrying amount at 31 December 2015	161,301	0	161,301

#### 8 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment
Cost at 1 January 2015	8,625,982
Additions in the year	641,538
Disposals in the year	-5,432,342
Cost at 31 December 2015	3,835,178
Impairment losses and depreciation at 1 January 2015	8,247,703
Depreciation in the year	378,995
Reversal of depreciation and impairment of disposals	-5,432,342
Impairment losses and depreciation at 31 December 2015	3,194,356
Carrying amount at 31 December 2015	640,822



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 9 Investments

DKK	Investments in group entities
Cost at 1 January 2015	34,134
Cost at 31 December 2015	34,134
Value adjustments at 1 January 2015	1,872,973
Exchange adjustment	175,793
Share of the profit/loss for the year	2,104,550
Value adjustments at 31 December 2015	4,153,316
Carrying amount at 31 December 2015	4,187,450

DKK	Domicile	Interest	Equity	Profit/loss
<b>Subsidiaries</b>				
Knud E. Hansen (UK) Ltd.	London, United Kingdom	100.00 %	1,016,693	221,112
Knud E. Hansen Australia PTY Ltd.	Perth, Australia	100.00 %	119,776	27,404
Knud E. Hansen USA, Inc.	Ft. Lauderdale, USA	100.00 %	2,893,224	1,817,927
Knud E. Hansen Greece Ltd.	Piraeus, Greece	100.00 %	157,757	38,107

DKK	2015	2014
<b>10 Work in progress for third parties</b>		
Selling price of work performed	74,842,586	57,227,619
Progress billings	-63,949,138	-52,044,648
	<u>10,893,448</u>	<u>5,182,971</u>
recognised as follows:		
Work in progress for third parties (assets)	11,890,889	5,182,971
Work in progress for third parties (liabilities)	-997,441	0
	<u>10,893,448</u>	<u>5,182,971</u>

#### 11 Share capital

The share capital consists of the following:

6,016 shares of DKK 100.00 each	601,600	601,600
	<u>601,600</u>	<u>601,600</u>

The Company's share capital has remained DKK 601,600 over the past 5 years.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 12 Collateral

The Company has not placed any assets or other as security for loans at 31 December 2015.

#### 13 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is taxed on a joint basis with its parent company, Keh Naval Architects Holding ApS, which acts as management company, and is jointly and severally liable, together with other jointly taxed group entities, for the payment of income taxes for income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

##### Other financial obligations

Other rent and lease liabilities:

DKK	2015	2014
Rent and lease liabilities	14,485,001	15,015,246

Rent liabilities primarily relate to contracts which are non-cancellable until 2022-2024.

Furthermore, KEH DK has entered into the agreement for a new lease in London between KEH UK and the Landlord as a Guarantor and is therefore committed to the rent liabilities at a total amount of DKK 1,901,250.

#### 14 Related parties

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Damen Shipyard Group NV	Gorinchem, Holland	The consolidated financial statements are available at the company's address.