A.P. MØLLER HOLDING A/S ANNUAL · REPORT 2017

A·P·MØLLER

Esplanaden 50
DK - 1263 Copenhagen K

apmoller.com
CVR 25 67 92 88

Date 30 April 2018
Chairman Lars-Erik Brenøe

AT A GLANCE

As the investment arm of the A.P. Møller Foundation, our purpose is to exercise the Foundation's role as an engaged owner in the spirit of A.P. Møller and to ensure that the Foundation can continue to contribute to society in the form of donations for generations to come. We fulfil this purpose by safeguarding the long-term viability of our companies and by investing in and building value creating businesses that have a positive impact on society and on our name.

A.P. MØLLER FOUNDATION

DONATIONS

A·P·MØLLER

A.P. MØLLER - MÆRSK 41,51%/51,23%*

Revenue USD 30,9bn
Net profit USD -1,2bn
Market cap USD 35,4bn

MAERSK Line
APM Terminals
SVITZER
DAMCO
MAERSK Drilling
MAERSK Supply Service
MAERSK Training
MAERSK Container Industry

51%/68%* **A.P. MØLLER CAPITAL**

Established Aug. 2017

20% **DANSKE BANK**

Total income DKK 48,1bn
Net profit DKK 20,9bn
Market cap DKK 216,0bn

100% **MAERSK TANKERS**

Revenue USD 0,9 bn
Net profit USD -0,5bn

100% **MAERSK PRODUCT TANKERS**

Established Nov. 2017

*Ownership/Voting share

CONTENTS

2016 comparable numbers in brackets

MANAGEMENT REVIEW

LETTER FROM THE CEO

DEAR READER

As A.P. Moller Holding's activities have rapidly expanded during 2017, we are pleased to present a more detailed report of our annual accounts.

Mærsk Mc-Kinney Møller often stressed the importance of the principle KISS[1], to keep matters concise and simple. I hope that my CEO letter, to complement the more detailed annual report, offers a straightforward explanation of not just our results, but also our direction.

OUR JOURNEY: PAST, PRESENT AND FUTURE

A.P. Moller Holding was founded at the end of 2013, as the controlling owner of A.P. Moller – Maersk and the investment arm of the A.P. Moller Foundation. For a company, not even five years old, and with a management recruited in 2016 onwards, A.P. Moller Holding is in many ways similar to a start-up, not least in relation to our older parent (the A.P. Moller Foundation) and daughter (A.P. Moller – Maersk).

We tend to describe the journey of A.P. Moller Holding as having three phases: capturing where we are coming from, our current status, and where we are going.

The first phase of A.P. Moller Holding's journey was initiated by A.P. Moller Holding's acquisition of shares in Danske Bank in 2015 to secure our ownership of 20% in what has now become the second largest bank in the Nordic region (measured by market capitalisation). At the time, A.P. Moller Holding had no liquid funds, so the acquisition of Danske Bank shares was funded by an external loan of DKK 10bn. During 2017, two years earlier than projected, we managed to pay back this loan. The investment in Danske Bank shares has not only proven to yield an attractive return for A.P. Moller Holding, but it has also created a strong foundation and cash flow profile to safeguard our future activities. We appreciate the bold decision taken by A.P. Moller Holding's Board to acquire the Danske Bank shares, even if we did not have "cash in hand" at the time, and we are grateful to the team of Danske Bank for their performance over the past years.

The second phase of our journey has been focused on supporting A.P. Moller – Maersk in its transformation strategy and simplification of its structure. In this respect, during 2017, A.P. Moller Holding was approached about the possibility to acquire Maersk Tankers.

In cooperation with Mitsui & Co. Ltd., we acquired Maersk Tankers in September 2017. Mitsui brings vast experience in shipping and a deep bench of relationships from the energy markets. We have known Mitsui for a long time through different activities in our affiliates and feel honoured that they wanted a partnership with A.P. Moller Holding. Their co-investment also meant that A.P. Moller Holding's capital exposure to the product tanker segment did not change significantly - previously we were already exposed to the industry through our ownership in A.P. Moller – Maersk. Now we are exposed to it directly, but in capital terms the difference is fairly marginal. Maersk Tankers operates in a very challenged industry, dependent on the demand for petroleum products, but with a team offering a compelling vision to digitalise parts of the tramp shipping industry. The CEO of Maersk Tankers recently shared a copy with me of Michael Porter's Harvard Business Case of the tanker industry from 1983. It is a fascinating read, because the industry's business model and mechanics have stayed largely the same over almost forty years.

While we do not expect the product tanker industry to improve shorter term, we believe there is plenty to do to improve Maersk Tanker's position. In this respect, I am grateful to the Maersk Tankers team for carrying out a swift ownership transition, without missing a beat in executing their strategic plans for 2018.

A.P. Moller – Maersk's transformation is still ongoing almost two years after its announcement to change the structure. This is no surprise given the magnitude of the changes. As we see it, the intended separation of the Energy businesses was justified and required in order to drive agility and establish more focused companies, whereby the Board and Management have more time to go in depth on pressing strategic topics. We are pleased to see the progress made and that good solutions, with strong industrial logic, have been found for Maersk Oil and Maersk Tankers.

[1] "Keep it simple, stupid" or the more polite "keep it simple and straightforward"

A.P. Moller – Maersk is facing profound industry challenges on several fronts. From our vantage point, the company's twofold strategy for its transport & logistics businesses, to improve the underlying performance, while at the same time embrace digital disruption and pursue new opportunities, is no easy feat but warranted. As the former Board member Sir John Bond told his fellow A.P. Moller – Maersk Board colleagues a few years back: "The life expectancy of a corporation is shorter than a human being". Standing still is not an option, and never has been. At the same time, we appreciate the importance of keeping a long-term view of new initiatives and not falling in the trap of the quarterly reporting cycle. It takes time to turn around a supertanker and build new businesses!

The third phase of A.P. Moller Holding's journey is the development of our future portfolio, to complement our ownership in A.P. Moller – Maersk and Danske Bank.

In August 2017, a year after A.P. Moller Holding recruited its current management, we laid the foundation for our first new business venture, A.P. Moller Capital. A.P. Moller Capital is the fund manager for the Africa Infrastructure Fund (AIF), and they see great opportunities to invest in essential infrastructure in Africa. We believe that the A.P. Moller Capital team holds relevant experience, capabilities and relationships to manage the not insignificant and prevalent ESG[2] and financial risks of infrastructure investments in emerging markets, not least on the African continent. The fund aspires to not just deliver a satisfactory return, but also to be part of supporting the economic development in a region, facing some profound challenges, including a faster growing population than anywhere else in the world (Africa's population is expected to more than double in the next thirty years).

The interest in AIF has been quite overwhelming and we are thankful to our partners PensionDanmark, PKA, PFA and Lægernes Pension, for their support as anchor investors. AIF is well on track to secure its funding target, making it a sizeable "first time" fund and a leading infrastructure investor in Africa.

OUR FINANCIAL PERFORMANCE

The management of A.P. Moller Holding keeps a close eye on three financial indicators, which we believe are important when assessing our performance.

Firstly, we have an obligation towards our shareholder and affiliates to ensure we have *a strong balance sheet* with a debt level, which is manageable, also in times of crisis.

Secondly, we pay close attention to our actual *cash flows*.

Thirdly, over time, we would like to see our *net asset value* increase, preferably faster than relevant benchmarks.

A.P. Moller Holding ended 2017 with a strengthened balance sheet and the loan assumed at the time of acquiring Danske Bank shares fully paid back, as a result of a continued satisfactory cash in-flow of approximately DKK 5.4bn, through dividends and a share buy-back programme.

The result of the year enabled A.P. Moller Holding to pay the A.P. Moller Foundation dividends of DKK 500m, which will go back to society in the form of donations. Over the past five years, the Foundation has received dividends from A.P. Moller Holding to the tune of DKK 4bn, enabling projects like the research facility Maersk Tower, the construction of the new Copenhagen International School, and the popular bridge connecting Christianshavn with Nyhavn ("Inderhavnsbroen"). It is a reminder of the generous and impactful gift of A.P. Møller, when he donated a large part of his family fortune to establish the A.P. Moller Foundation, with the blessing of his wife and children.

During 2017, A.P. Moller Holding's net asset value grew to DKK 136bn up from DKK 134bn in 2016. Since 2013, our net asset value has increased by DKK 31bn (30%). This is slightly short of MSCI World Index, but given our portfolio's significant exposure to the challenged energy and shipping markets, it is still a reasonable performance.

For 2017 alone, the increase in net asset value was driven by the acquisition of Maersk Tankers and the positive development of Danske Bank (net DKK 3.1bn) offset by the value depreciation of A.P. Moller - Maersk (DKK -3.6bn).

A.P. Moller – Maersk experienced a challenging year with shipping and energy markets under continued pressure. The impairments in the portfolio reflected the low oil price environment. The challenges were further accentuated by a cyber-attack that had an adverse impact on several of the container related activities.

Danske Bank delivered a strong result driven by the continued improvements of the Nordic economies, in combination with a strong relative performance compared to its Nordic peers. Danske Bank's anti-money laundering case is a concern and we are confident that the right measures will be taken, based on the findings of the independent investigation.

The mixed performance highlights the importance of maintaining a diversified portfolio. We will in the coming years continue to improve our portfolio composition, albeit recognising that A.P. Moller – Maersk and Danske Bank will hold a significant share of our total portfolio for the foreseeable future.

Performance development (Indexed, 2013 as base year)	2014	2015	2016	2017	Growth rate (2013-17)
Our Net Asset Value	9.5%	-7.4%	26.1%	1.6%	7%
MSCI World Index	16.1%	8.0%	10.4%	9.1%	9%
SCFI Index	-5.8%	-19.0%	10.3%	-11.4%	-7%
Brent oil price (per BBL)	-42.2%	-16.1%	24.1%	2.3%	-9%

Source: Bloomberg. Values have been based on DKK using average exchange rate for the year.

[2] Environmental, Social and Governance

WHAT IS NEXT IN 2018?

The third phase of our company's journey, the development of our future portfolio, is only in its infancy. As the Greek philosopher Socrates said, "the unexamined life is not worth living". This certainly applies to our company's raison d'être and future. As we strengthen our investment team, including the recruitment of a Chief Investment Officer, we will in the coming year review our strategy for large investments.

In such quest, we are guided by A.P. Moller's legacy. The English translation of the deed of the A.P. Moller Foundation states "... the companies should stay well consolidated, so that the primary focus is not about distributing big dividends, but building companies having a positive impact ("*at opbygge nyttig virksomhed*"). "*At opbygge nyttig virksomhed*" is at the very heart of A.P. Moller Holding's ownership and investment strategy.

As a concluding remark, let me as CEO extend my gratitude to our team in A.P. Moller Holding for their significant efforts and contributions in the past year.

ROBERT M. UGGLA
CEO

OUR STRATEGIC BELIEFS

A.P. Moller Holding is an owner and investor in the spirit of our founder A.P. Møller; investing in and building new businesses that have a positive impact on society ("*nyttig virksomhed*").

A.P. Moller Holding is the cultural custodian of the A.P. Moller and Maersk name and values.

A.P. Moller Holding is an engaged long-term owner with a point of view on key matters.

A.P. Moller Holding seeks portfolio renewal to safeguard the long-term viability of its portfolio. We believe portfolio renewal comes from building new businesses inside and outside of our core holdings.

A.P. Moller Holding is open to reconsider ownership of a business, if its business model does not have a positive impact on society, and/or lacks prospects for competitive value creation over time. A.P. Moller Holding's ownership in A.P. Moller – Maersk is to be neither diluted nor divested.

A.P. Moller Holding aspires to hold a diversified and financially robust portfolio to sustain black swans and unforeseen negative events.

A.P. Moller Holding pays dividends to the A.P. Moller Foundation, in order for the Foundation to contribute to and support society in the form of donations.

Five-year summary for A.P. Møller Holding A/S[1]

Amounts in DKKm	2017	2016	2015	2014	2013
INCOME STATEMENT					
Revenue	209,819	189,288	209,742	202,109	199,642
Share of profit in associated companies	4,863	3,853	3,363	2,315	1,660
Profit/loss before financial items (EBIT)	5,939	6,940	23,373	31,446	21,832
Financial items, net	- 4,214	- 4,332	- 3,089	- 4,000	- 3,573
Profit/loss for the year	- 2,991	- 8,366	11,962	41,006	27,495
A.P. Møller Holding A/S' share of profit/loss	1,388	- 1,349	3,466	11,754	8,045
Average number of employees	78,127	78,613	79,357	80,209	79,909
BALANCE SHEET					
Total assets	435,298	464,366	458,279	425,174	403,796
Equity at 31 December	229,502	256,376	267,107	262,203	230,607
CASH FLOW STATEMENT					
Cash flow from operating activities	18,873	11,170	30,619	45,750	25,591
Cash flow used for capital expenditure	- 39,025	- 11,068	- 13,685	- 9,150	- 8,945
FINANCIAL RATIOS					
Return on equity	-1.2%	-3.2%	4.5%	16.6%	23.8%
Equity ratio	52.7%	55.2%	58.3%	61.7%	57.1%

1 Consolidated. Key figures have been adjusted for discontinued operations (energy businesses of A.P. Moller – Maersk).

HIGHLIGHTS

Expanded the A.P. Moller Holding organisation to establish relevant finance, accounting, tax and investment capabilities to fulfil its duties as parent company to A.P. Moller – Maersk, Maersk Tankers and A.P. Moller Capital, as well as being a large owner of Danske Bank and a manager of a portfolio of other financial assets.

A.P. Moller – Maersk continued progressing their transformation from a conglomerate to a focused global container integrator. During the year A.P. Moller – Maersk has completed five large-scale M&A transactions. All these transactions support the strategic ambition of becoming an integrated transport and logistics company.

Danske Bank continued to deliver a strong financial result, reflecting stable development in the Nordic economies and the continued progress on the strategic initiatives aimed at creating a simpler and more customer-centric bank.

Acquired Maersk Tankers from A.P. Moller – Maersk for USD 1.2bn plus an earn-out. A.P. Moller Holding has sold part of the vessel owning entity to Mitsui. The intention is to develop a digital shipping platform within Maersk Tankers.

Established the fund management company A.P. Moller Capital and raised USD 650m in a first closing for the Africa Infrastructure Fund. The fund has now raised USD 865m close to the funding target.

Acquired the property at Esplanaden 19 and following renovation A.P. Moller Holding will move into the new office expected medio 2019.

FINANCIAL PERFORMANCE

A.P. Moller Holding's net asset value grew to DKK 136bn (DKK 134bn). The cash flow from our investments was DKK 5.4bn, which we find acceptable in light of the challenging shipping and energy markets

2017 was a transformational year for A.P. Møller Holding A/S, as it marked the first full year as an active parent company of three businesses, and with initial steps taken to establish in-house resources and systems to manage our portfolio risks, liquidity and investments. During the year we acquired Maersk Tankers from A.P. Moller – Maersk. We further established A.P. Moller Capital which launched its first infrastructure fund.

A.P. Moller Holding's financial result was negatively impacted by A.P. Moller – Maersk's low but improving financial result and positively impacted by a strong financial performance by Danske Bank, demonstrating the benefit of a diversified investment portfolio. Other financial investments only had a minor impact on the 2017 result.

The increases in revenue, operating profit and earnings reflect an improvement in the underlying performance in most businesses of our portfolio.

Our net asset value increased during the year by DKK 2bn to DKK 136bn. This is the highest value since the establishment of A.P. Moller Holding in 2013. The measure is volatile, not least over a shorter period, given our portfolio's strong correlation with the share price development of A.P. Moller – Maersk and Danske Bank.

OPERATING ACTIVITIES
Revenue for 2017 grew with 11% to DKK 210bn (DKK 189bn) in line with the topline growth in A.P. Moller – Maersk.

Total income in Danske Bank increased by 5%.

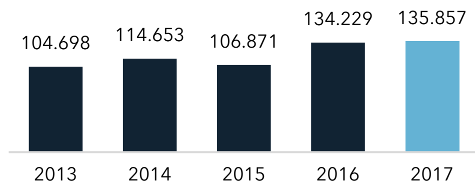
TOTAL COSTS
Operating costs increased by 9% reflecting the development in A.P. Moller – Maersk and mainly related to higher activity level and increased bunker costs.

A.P. Moller Holding's administrative costs have increased due to the increased activity level. At the end of 2017, our organisation counted eighteen employees up from five a year before. Recruitment of the investment team and supporting functions will continue in 2018.

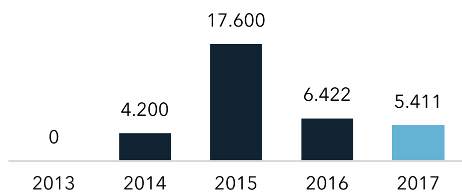
EBIT
EBIT for 2017 amounted to DKK 5.9bn down from DKK 6.9bn. Our result before interest and tax was negatively impacted by the significant impairments made in A.P. Moller – Maersk in connection with reclassifying the Energy businesses to "discontinued businesses".

PROFIT FOR THE YEAR
Profit improved, yet still negative, to DKK -3.0bn from DKK -8.4bn last year. A.P. Moller Holding's share of the profit ended at DKK 1.4bn, a DKK 2.7bn improvement since 2016.

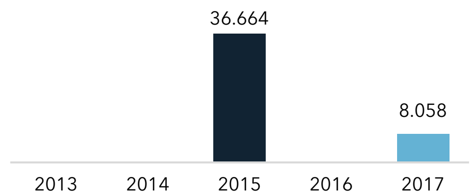
NET ASSET VALUE (DKKm)



CASH INFLOW (DIVIDENDS AND SHARE BUY-BACK) (DKKm)



NEW DIRECT INVESTMENTS[1] (DKKm)



[1] 2015 relates to acquisition of Danske Bank and 2017 relates to acquisition of Maersk Tankers

TAX
Tax for the year amounted to DKK 1.5bn compared to DKK 1.1bn in 2016. The corporate tax rate is affected by the allocation of net profit before tax between tonnage tax activities and other activities for the entities within the joint taxation.

INVESTMENT ACTIVITY
In 2017, A.P. Moller Holding built up in-house capabilities to manage the financial investment portfolio. The return from A.P. Moller Holding's financial investment portfolio was 5.6% reflecting the general strong global financial markets.

CASH FLOW
Cash flow for A.P. Moller Holding's investment activities is summarised in the table below. Cash flow used for investing activities was DKK 3.5bn in 2017 and relates primarily to the acquisition of Maersk Tankers from A.P. Moller – Maersk. The transaction was partly debt financed. The debt was refinanced after Mitsui & Co. Ltd. acquired 30% of the shares in Maersk Product Tankers A/S on 6 April 2018.

The total capital inflow from dividends and share buy-back programmes was DKK 5.4bn.

NET ASSET VALUE
The net asset value increased by DKK 2bn to DKK 136bn in 2017. The increase reflects mainly the total return development in A.P. Moller – Maersk and Danske bank during the year.

DKKm Entity	Value	Change in 2017
A.P. Moller - Maersk	93.3	-3.6
Danske Bank	43.2	3.1
Maersk Tankers	2.9	2.9
Other net assets	-3.5	-0.7
Total	**135.9**	**1.7**

The net asset value calculation is based on different valuation methods. A.P. Moller – Maersk and Danske Bank correspond to more than 95% of the portfolio based on the market capitalisation end of the year, whereas Maersk Tankers is based on third-party valuation of the fleet.

DIVIDEND
Based on the financial result for 2017 we propose a dividend of DKK 500m to A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal.

OUTLOOK
A.P. Moller Holding's portfolio is generally exposed to the global economic markets, hence the outlook for our financial performance in 2018 is subject to significant uncertainties. Subject to macroeconomic factors our performance mainly depends on the development of the commercial activities in A.P. Moller - Maersk and Danske Bank as well as the restructuring of the Energy businesses in A.P. Moller - Maersk.

According to the Annual Report 2017 for A.P. Moller – Maersk, A.P. Moller - Maersk expects an underlying profit above 2017 (USD 356m) and earnings before interest, tax, depreciations and amortization (EBITDA) in the range of USD 4-5bn (USD 3.5bn).

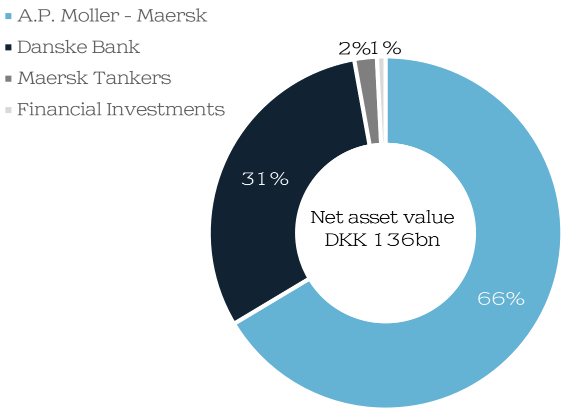
According to the Annual Report 2017 for Danske Bank, Danske Bank expects a net profit in the range of DKK 18–20bn.

Furthermore, our financial performance will be impacted by the development in Maersk Tankers, A.P. Moller Capital as well as the returns from our financial investments (and potential new investments during the year). We do not expect the impact on A.P. Moller Holding's results from these companies to be material.

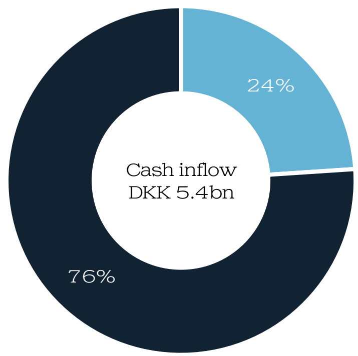
This statement is based on the current expectations for the financial markets and are by nature subject to a number of uncertainties that could cause actual results and performance to differ materially from the expectations.

Amounts in DKKm	2017	2016	2015	2014	2013
KEY FIGURES: A.P. Moller Holding's investment activities					
Cash flow from operating activities	2,886	1,523	- 303	- 7	- 1
Cash flow used for investing activities	- 3,495	909	- 28,184	- 842	- 678
Cash flow from financing activities	1,304	- 2,858	27,785	0	0
Net asset value (market value)	135,857	134,229	106,871	114,653	104,698
Dividend to A.P. Moller Foundation	500	500	1,000	1,000	1,000
Average number of employees	12	3	2	2	0

NET ASSET VALUE



CASH INFLOW



A.P. MØLLER – MÆRSK A/S

A.P. Moller – Maersk delivered a loss of USD 1.2bn (negative USD 1.9bn) and continues to execute on the strategy transforming the conglomerate to an integrated transport and logistics company

ABOUT

A.P. Moller – Maersk was founded by A.P. Møller in 1904. The A.P. Moller Foundation has since its establishment in 1953 been the controlling shareholder in the entities which today make up A.P. Moller – Maersk.

The Foundation's shareholding is held by A.P. Møller Holding A/S. A.P. Moller Holding holds 41.51% of the economic value and 51.23% of the voting rights in A.P. Møller – Mærsk A/S.

STRATEGY REVIEW

Following the announcement in September 2016, A.P. Moller - Maersk made further progress on the execution of finding future solutions for the energy businesses while integrating and transforming the transport and logistics business.

During the year, Maersk Oil was sold to Total, Maersk Tankers was sold to A.P. Moller Holding and the remaining part of the shares in Dansk Supermarked (19%) was sold to Salling Foundations.

The Hamburg Süd acquisition closed on 30 November, and A.P. Moller – Maersk reiterated the expected synergies of USD 350–400m by 2019, on top of expected synergies from a closer collaboration between the integrated container and logistics businesses.

THE YEAR IN BRIEF

Accelerated growth in the world economy supported fundamentals for the continuing business areas during 2017. However, this was not enough to offset capacity influx which rendered lower container freight rates during the second half of the year.

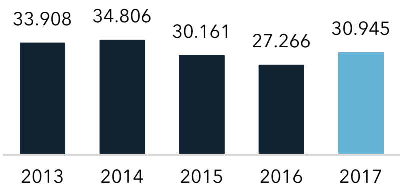
Excluding Hamburg Süd, Maersk Line reported a revenue of USD 23.8bn (+15% YoY) and an underlying profit of USD 521m (loss of USD 384m), equal to an improvement of USD 905m.

APM Terminals reported revenue of USD 4.1bn on a consolidated basis on par with 2016. The underlying profit was USD 414m (USD 433m). Cash flow from operating activities was USD 827m (USD 819m), resulting in a positive free cash flow of USD 155m (negative USD 730m).

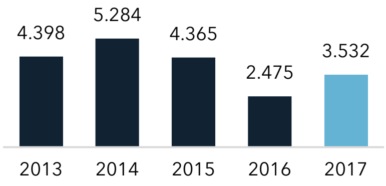
Maersk Drilling and Maersk Supply Service have been classified as discontinued businesses and a solution for the future ownership is expected before end 2018.

In June 2017, A.P. Moller – Maersk businesses were interrupted by a cyber-attack which caused disruption in most business areas with a negative financial impact estimated at USD 250–300m.

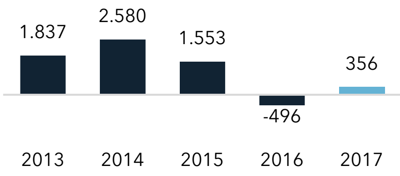
REVENUE (USDm) – CONTINUING BUSINESS



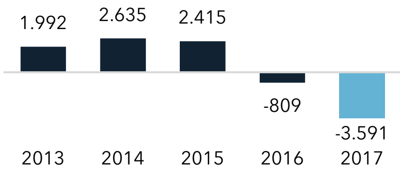
EBITDA (USDm) – CONTINUING BUSINESS



UNDERLYING PROFIT (USDm) – CONTINUING BUSINESS



FREE CASH FLOW (USDm) – CONTINUING BUSINESS



Sadly, in 2017 there were seven fatalities while working at A.P. Moller – Maersk - owned facilities.

FINANCIALS

A.P. Moller – Maersk reported a net profit of negative USD 1.2bn for 2017, driven by impairments in the discontinued businesses and APM Terminals. The underlying profit was USD 356m a USD 0.9bn improvement from 2016 mainly driven by an improvement in Maersk Line.

The cash flow from operating activities was USD 2.6bn (up from USD 1.3bn in 2016), due to the improved underlying result, but negatively impacted by the increase in net working capital.

The investment cash flow amounted to USD 6.2bn (USD 4.1bn above 2016) mainly related to the Hamburg Süd acquisition with a net cash impact of USD 4.2bn.

A.P. Moller – Maersk proposes a dividend of DKK 150 per share.

EXECUTIVE BOARD

- Søren Skou (CEO)
- Claus V. Hemmingsen (Vice CEO)
- Vincent Clerc
- Morten Engelstoft
- Søren Toft

BOARD OF DIRECTORS

- Jim Hageman Snabe (Chairman)
- Ane M. M. Uggla (Vice Chairman)
- Jan Leschly
- Arne Karlson
- Robert Routs
- Robert M. Uggla
- Dorothee Blessing
- Niels Bjørn Christiansen
- Thomas Lindegaard Madsen
- Jacob Sterling

HIGHLIGHTS

During the year A.P. Moller – Maersk has completed five large-scale M&A transactions. All these transactions support the strategic ambition of becoming an integrated transport and logistics company. The acquisition of Hamburg Süd was announced in December 2016, the sale of Maersk Oil to Total announced in July 2017, the sale of Maersk Tankers to A.P. Moller Holding announced in September, the sale of the remaining shares in Dansk Supermarket and Egyptian Drilling Company announced during 2017.

Following the cyber-attack in June, the IT-organisation has worked immensely on rebuilding the IT landscape in A.P. Moller – Maersk.

Digitalisation is transforming the transport and logistics sectors. A.P. Moller – Maersk is working on fundamentally changing the shipping industry with the aim of improving and simplifying the shipping experiences with several initiatives. For example, A.P. Moller – Maersk and IBM announced their intent to establish a joint venture to provide more efficient and secure methods for conducting global trade using blockchain technology. During the year, Damco introduced a new digital freight-forwarding platform (Twill) that will simplify shipping processes for customers. The booking process is as easy as buying an airplane ticket, takes just 30 seconds, and allows the customer to track the shipment of their cargo.

MAERSK TANKERS A/S

Maersk Tankers delivered an unsatisfactory loss of USD 523m (USD 62m) due to challenging market conditions across most product tanker vessel segments

ABOUT

Maersk Tankers is a leading company in the product tanker industry, transporting refined oil products globally. The company operates one of the largest fleets in the industry, comprising 164 vessels, of which 82 vessels are owned, and employs 2,300 people worldwide.

A.P. Moller Holding holds a 100% ownership stake in Maersk Tankers A/S. Maersk Tankers separated out its shipping assets into Maersk Product Tankers A/S during 2017.

STRATEGY REVIEW

Established in 1928, Maersk Tankers has nine decades of experience and expertise in providing safe, reliable and flexible services to customers, which are oil majors and trading houses.

The fleet trades in five vessel segments: Intermediate, Handy, Medium-Range (MR), Long-Range 2 (LR2), and Aframax.

Maersk Tankers' strategy is to deliver industry-leading commercial performance, cost leadership and be the preferred partner for vessel management.

The use of algorithms in commercial decision-making enables the company to optimally position vessels where the customers need them the most and in markets that can yield the highest earnings.

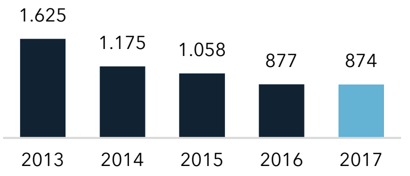
Through cost leadership, Maersk Tankers is reducing costs by creating higher efficiencies in systems and processes and improving procurement leverage.

By commercially managing vessels, Maersk Tankers provides partners with the opportunity to increase earnings as well as flexible and transparent services while achieving scale and income for Maersk Tankers.

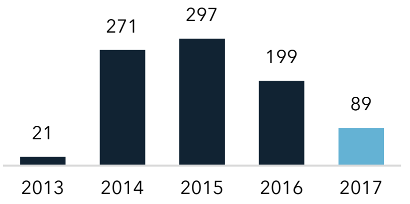
The strategy is enabled by digitisation, combining algorithmic trading with commercial expertise to strengthen service offerings, generate new revenue streams and reduce costs.

Maersk Tankers' order book stands at nine MR product tanker vessels to be delivered in 2018–2019 as well as an optional order of 10 LR2s.

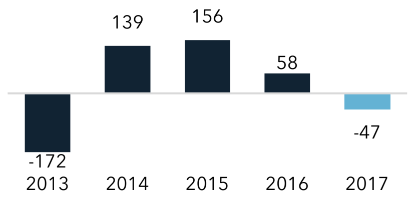
REVENUE (USDm)



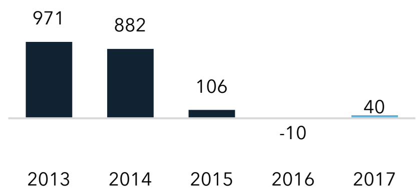
EBITDA (USDm)



UNDERLYING PROFIT (USDm)



FREE CASH FLOW (USDm)



THE YEAR IN BRIEF

The fundamentals for the product tanker market across all vessel segments continued to be challenged in 2017.

Maersk Tankers reported a revenue of USD 874m (USD 877m) and a negative underlying loss of USD 47m (profit of USD 58m).

Maersk Tankers reported a total of six Lost Time Incidents (LTI) and a Lost Time Incident Frequency (LTIF) of 0.42.

In September 2017, A.P. Moller Holding acquired Maersk Tankers for USD 1,171m in an all-cash transaction with the potential of a contingent consideration reflecting market developments in the coming two years.

After the competition authority clearance in March 2018, Maersk Tankers A/S and Maersk Product Tankers A/S were separated and Mitsui & Co. Ltd. acquired 30% of the shares in Maersk Product Tankers A/S. The transaction closed on 6 April 2018.

FINANCIALS

Maersk Tankers reported a loss for the year of USD 523m and a ROIC of -32.3%. The result was negatively impacted by an impairment of USD 465m and by challenging market conditions, which was partly offset by improved commercial performance and efficiency improvements.

Cash flow from operating activities was USD 23m (USD 178m). Net cash flow from capital expenditure was USD - 17m (USD 188m) driven by newbuilding instalments, partly offset by the sale of four vessels.

EXECUTIVE LEADERSHIP

- Christian M. Ingerslev (CEO)
- Henrik K. Jakobsen (CFO)
- Claus Grønborg
- Tommy Thomassen
- Søren C. Meyer
- Prakash Thangachan

BOARD OF DIRECTORS

- Robert M. Uggla (Chairman)
- Paul Reed (Vice Chairman)
- Martin Larsen
- Maria Pejter

HIGHLIGHTS

Maersk Tankers entered into a strategic partnership with Boston-based hedge fund CargoMetrics to support their digital strategy.

Maersk Tankers will, in a partnership with Norsepower, ETI and Shell, install and trial Flettner rotor sails onboard a Maersk Tankers operated LR2 vessel. This will be the first installation of wind-powered energy technology on a product tanker vessel and is estimated to reduce fuel consumption and associated CO_2 emissions on typical shipping routes by 7–10%. The rotor sails will be fitted during 2018, before undergoing testing and data analysis at sea.

Maersk Tankers took delivery of the first out of nine MR tanker vessels in their new building programme from Dalian yard in Q1 2018.

A.P. MØLLER CAPITAL P/S

A.P. Moller Capital successfully raised USD 865m in commitment to their first fund “Africa Infrastructure Fund 1”

ABOUT

A.P. Moller Capital was established in 2017 with A.P. Moller Holding as the largest shareholder with the purpose of managing stand-alone capital funds focusing on infrastructure investments in growth markets. A.P. Moller Capital is headquartered in Denmark and is regulated by the Danish Financial Supervisory Authority (FSA).

In August 2017, A.P. Moller Capital launched its first fund, The Africa Infrastructure Fund 1 (AIF1). The fund aims to build and operate infrastructure projects in Africa, targeting projects within transportation and energy such as rail, roads, ports and warehousing to power plants, transmission, pipelines and distribution.

STRATEGY REVIEW

The investment thesis for AIF1 is strong. With the population estimated by experts to double by 2050, the need for new infrastructure in Africa is clear. The investments into infrastructure are critical to build a foundation for job creation and prosperity in Africa. Increasing exports and rising consumer demand will take a toll on infrastructure. A.P. Moller related companies have more than a century of history and engagement in Africa. Our global mindset, long experience and local knowledge support the continued development in Africa.

THE YEAR IN BRIEF AND RECENT DEVELOPMENTS

The first close constitutes USD 650m in commitments from anchor investors PFA Pension, PKA, PensionDanmark, Lægernes Pension as well as A.P. Moller Holding.

In January 2018, A.P. Moller Capital announced its joint bid with CDC to acquire Copperbelt Energy Corporation, a Zambian publicly listed company.

In March 2018, the Fund obtained second close with support from Danica and SEB bringing the total commitment to USD 865m, close to the target of USD 1bn in commitment.

A.P. Moller Capital currently employs nineteen employees in their offices in Copenhagen and Dubai.

FINANCIALS

The fund has an initial target of ten to fifteen investments and an operational period of ten years.

EXECUTIVE LEADERSHIP

- Kim Fejfer (Managing Partner)
- Lars Reno Jakobsen (Senior Partner)
- Joe N. Nielsen (Partner and CFO)
- Jens Tomassen (Partner)

BOARD OF DIRECTORS

- Robert M. Uggla (Chairman)
- Lars-Erik Brenøe
- Martin Larsen

DANSKE BANK A/S

Danske Bank delivered a strong financial result with net profit of DKK 20.9bn (DKK 19.9bn) and a return on shareholder's equity of 13.6%, well ahead of management's own target of return on share-holder's equity of at least 12.5%

ABOUT

Danske Bank is a Nordic universal bank with four core Nordic markets (Denmark, Norway, Sweden and Finland) and four business segments (personal, business, corporate and institutions and wealth). The universal banking model provides a strong diversified platform delivering synergies across core markets.

A.P. Moller has been involved in Danske Bank since 1928 and in 2015, A.P. Moller Holding acquired a 20% direct ownership stake in Danske Bank.

During 2017, Moody's upgraded Danske Bank's credit baseline to a3 from baa1. S&P and Fitch maintained their rating.

STRATEGY REVIEW

Danske Bank's vision is to become the most trusted financial partner by creating long-term value for all their stakeholders.

Danske Bank is focused on reacting to the rapid changes which the financial industry is currently undertaking, due to low interest rate environment, digitalization, changed customer expectations and demands, increased competition and increased regulation.

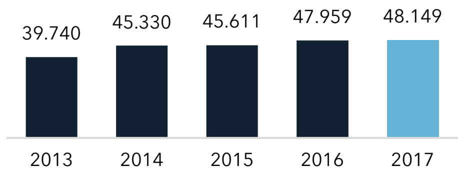
Danske Bank continues to focus on four strategic themes:

- Nordic potential
  Realising full Nordic potential to diversify business and strengthen footprint supported by growth strategy in Sweden and Norway.
- Digitalisation
  Digitalisation offers opportunities to deliver on the strategy of becoming a more customer-driven, simple and efficient bank.
- Customer experience
  The customer promise and ambitions frame the experiences Danske Bank wants to deliver in creating a leading customer experience.
- People and culture
  Ensuring a high performing, agile organisation to match the increasing customer expectations remains a key priority.

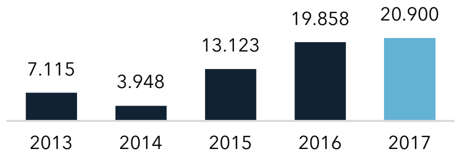
THE YEAR IN BRIEF

Danske Bank continued to successfully develop the partnership strategy in Norway and Sweden which has boosted its presence in the personal and business banking segments utilizing the potential as a challenger to the leading banks in the local markets.

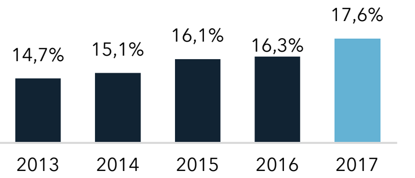
REVENUE (DKKm)



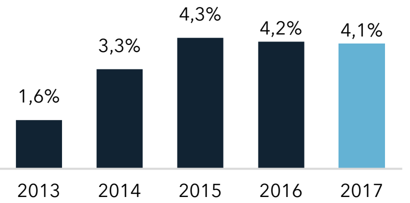
NET PROFIT (DKKm)



CET1 CAPITAL RATIO (%)



DIVIDEND YIELD (%)



As a result of driving a customer-centric agenda Danske Bank maintained its strong position in terms of customer satisfaction during 2017. Another critical focus area for Danske Bank is compliance. Danske Bank continues to strengthen their compliance functions across the bank and will continue to make substantial investments to prevent criminals from abusing their platforms to commit financial crimes. During 2017, serious questions were raised regarding Danske Bank's compliance functions especially regarding events that took place in Danske Bank's Estonia branch which indicates that the branch has been used for money laundering. We note that both the management and Board of Directors take this very seriously and have initiated a thorough investigation. We support Danske Bank's continued focus on improving the compliance function and to participate in the fight against financial crime.

FINANCIALS

Danske bank delivered a strong financial result in 2017 with net profit of DKK 20.9bn and a return on shareholder's equity of 13.6%, well ahead of management's own target of return on shareholder's equity of at least 12.5% at latest in 2018.

Danske Bank's CET1 capital ratio is end of 2017 17.6% well above the management target of 14–15% and the regulatory requirement of 12%. Based on the strong balance sheet Danske Bank proposed a DKK 10 per share dividend and a share buy-back programme to the tune of DKK 10bn (approx. USD 1.6bn).

EXECUTIVE LEADERSHIP

- Thomas Borgen
- Jakob Aarup-Andersen
- Tonny Thierry Andersen
- James Ditmore
- Carsten Egeriis
- Lars Mørch
- Jesper Nielsen
- Glenn Soderstrom

BOARD OF DIRECTORS

- Ole Andersen (Chairman)
- Ingrid Bonde
- Lars-Erik Brenøe
- Jørn P. Jensen
- Jens Due Olsen
- Rolv Erik Ryssdal
- Carol Sergeant
- Hilde Merete Tonne
- Kirsten Ebbe Brich
- Charlotte Hoffmann
- Bente Bang
- Thorbjørn Lundholm Dahl

HIGHLIGHTS

Danske Bank has successfully launched a partnership strategy in Norway and Sweden which has boosted its presence in the personal and business banking segments utilizing the potential as a challenger to the leading banks in the local markets. Close to 50% of Danske Bank's lending book today is outside Denmark.

Digitalisation continues to transform the financial sector driven by customer expectations and new regulation. Across the Nordic region Danske focuses on being a front-runner in digitalisation, as Danske Bank sees digitalisation of end-to-end processes as an opportunity to become a customer-driven, simple and efficient bank. Often these new digital solutions are created in partnerships like MobilePay and GateTu (a partnership with A.P. Moller – Maersk) established to develop new business-to-business solutions and services.

BOARD OF DIRECTORS

From left: Martin Larsen, Peter Straarup, Robert M. Uggla, Lars-Erik Brenøe, Jan Leschly, Ane M. M. Uggla (Chairman)

ANE M. M. UGGLA

Chairman, the Board of Directors
A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal
Den A.P. Møllerske Støttefond
Maersk Broker A/S
Maersk Broker K/S

Member of the Board of Directors
A.P. Møller - Mærsk A/S (Vice Chairman)

Other management duties
Estemco III ApS (CEO)
Timer ApS (CEO)

JAN LESCHLY

Member of the Board of Directors
A.P. Møller - Mærsk A/S
Vaxart Biosciences Inc.
Universal Tennis Ranking LLC

Other management duties
Adjunct Professor at Copenhagen Business School

LARS-ERIK BRENØE

Chairman, the Board of Directors
Navigare Capital Partners A/S

Member of the Board of Directors
Danske Bank A/S
The Danish Committee on Foundation Governance (Vice Chairman)
The Confederation of Danish Industry (Vice Chairman of the counsil)
A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal
A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond
APMH Invest A/S
A.P. Møller Capital GP ApS
A.P. Møller Capital P/S
Maersk Broker K/S (and Chairman of four affiliated undertakings)
LINDØ port of Odense A/S

PETER STRAARUP

Member of the Board of Directors
A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal (Vice Chairman)
Knud Højgaards Fond
Højgaard Ejendomme A/S
Ejendomsaktieselskabet Knud Højgaards Hus
Oticon Fonden
William Demant Invest A/S

EXECUTIVE BOARD

ROBERT M. UGGLA

CEO

Member of the Board of Directors
A.P. Møller - Mærsk A/S
A.P. Møller Capital P/S (Chairman)
Foundation Board of IMD

Robert M. Uggla is actively involved in the management of four entities fully owned by A.P. Møller Holding A/S

Other management duties
Agata ApS
Estemco XII ApS

MARTIN LARSEN

CFO

Member of the Board of Directors
A.P. Møller Capital P/S
Navigare Capital Partners A/S
Assuranceforeningen SKULD (Gjensidig)

Martin Larsen is actively involved in the management of five entities fully owned by A.P. Møller Holding A/S

RISK MANAGEMENT

Our risk management setup allows us to safeguard the long-term viability of our portfolio companies by understanding the inherent risks associated with each investment and to support the companies in managing these risks in a changing environment

RISKS RELATED TO OUR HOLDINGS

A.P. Møller Holding A/S's investments consist of Our Large Investments, Our Fund Manager and Our Financial Investments.

Risks regarding Our Large Investments and Our Fund Manager include business and financial risks associated with the operation and performance of our holdings. Such risks are most effectively managed de-centrally. Consequently, the management of the individual holdings in affiliates define their own risk management policies and procedures.

As owner and a member of the Board of Directors of each affiliate, we monitor business performance in the affiliates closely, and reports on business and risk-related issues are appropriately provided to our Board of Directors.

The ambition of A.P. Moller Holding is to hold a diversified and financially robust portfolio to sustain black swans and unforeseen negative events. Hence, risks are consolidated and monitored centrally in A.P. Moller Holding.

Risk reporting is an integrated part of our business processes allowing A.P. Moller Holding to respond appropriately to changing environments. Portfolio performance reports are prepared for the Board of Directors.

A.P. Moller Holding also has a portfolio of fixed income and equities, managed by its own investment team. The overall objective of the portfolio is to create economic value in line with our values and ensures that a part of our portfolio remains ultra-liquid.

The Board of Directors defines the investment policy. We manage the market, credit and currency risks related to our portfolio investments by limiting maximum exposure to individual asset classes and underlying assets. Derivative financial instruments such as currency and interest swaps are used for risk management purposes. The guidelines are reviewed regularly to ensure it reflects the market situation, and our financial situation at any given time.

CORPORATE SOCIAL RESPONSIBILITY

“At opbygge nyttig virksomhed”, as stated in the deed of the A.P. Moller Foundation, is at the very heart of A.P. Moller Holding’s ownership and investment strategy. We are guided by our five core values

A.P. Moller Holding is an investor in the spirit of our founder A.P. Møller; investing in and building new businesses that have a positive impact on society (*“nyttig virksomhed”*).

We are guided by our five core values that were established by A.P. Møller and Mærsk Mc-Kinney Møller, and that are still championed by the future generations’ family members:

CONSTANT CARE · Take care of today, actively prepare for tomorrow.

HUMBLENESS · Listen, learn, share, give space to others.

UPRIGHTNESS · Our word is our bond.

OUR EMPLOYEES · The right environment for the right people.

OUR NAME · The sum of our values and passion for Maersk.

STATUTORY REPORT CF. SECTION 99A OF THE DANISH FINANCIAL STATEMENTS ACT

As an international investment company with a broad range of investment activities, A.P. Moller Holding has a significant influence on society. We acknowledge the responsibilities that this entails and make an effort to ensure that we are recognised as a trustworthy group of companies.

The Board of Directors of each of our Large Investments, A.P. Møller - Mærsk A/S, Danske Bank A/S and Maersk Tankers A/S and our Fund Manager, A.P. Møller Capital P/S define their own specific CSR policies and codes of conduct. We are represented on each board, and these representatives ensure that CSR policies, including human rights, climate change and environmental impact, are enforced.

Policies are adapted to meet the circumstances in which each of the affiliates operates.

STATUTORY REPORT CF. SECTION 99B OF THE DANISH FINANCIAL STATEMENTS ACT

The Board of Directors counts one woman and three men. This constitutes gender balance in accordance with the guidelines issued by The Danish Business Authority in March 2016.

A.P. Moller Holding has not set a group target for the underrepresented gender but has ensured that all subsidiaries which fall under the requirements as reporting class large C or D have set targets for their supreme management body individually. Furthermore, our subsidiaries report on their individual target in their annual report, as well as for their individual policies concerning gender balance at the other management levels, if applicable. Please refer to the annual reports of A.P. Møller - Mærsk A/S and Maersk Tankers A/S.

GOVERNMENT PAYMENTS CF. SECTION 99C OF THE DANISH FINANCIAL STATEMENTS ACT

Disclosure of tax payments on a country-by-country basis for 2017 in accordance with the EU Accounting Directive and as implemented in the Danish Financial Statements Act is provided in a separate report, A.P. Møller – Mærsk A/S Payments to Governments 2017. The report is available on: http://investor.maersk.com/financials.cfm

LEARN MORE ABOUT CSR IN A.P. MØLLER HOLDING

For more information about A.P. Møller - Mærsk A/S approach to CSR and A.P. Møller Capital P/S approach to ESG, please visit their websites.

For A.P. Moller Holding’s statutory statement on CSR in accordance with section 99A of the Danish financial statements act, please refer to http://www.apmoller.com/wp-content/uploads/2018/05/APMH-CSR-Report-2017.pdf

FINANCIAL STATEMENTS

Consolidated financial statements | Parent company financial statements | Management's statement | Independent auditor's report

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement | Consolidated statement of comprehensive income | Consolidated balance sheet at 31 December | Consolidated cash flow statement | Consolidated statement of changes in equity | Notes to the consolidated financial statements

FINANCIAL STATEMENTS

CONTENTS

CONSOLIDATED INCOME STATEMENT FOR 1 JANUARY TO 31 DECEMBER

Note	Amounts in DKKm	2017	2016
	Revenue	209,819	189,288
1	Operating costs	- 185,999	- 171,349
	Other income	1,293	1,164
	Other costs	- 1,264	- 1,145
	Profit before depreciation, amortisation and impairment losses, etc.	**23,849**	**17,958**
5,6	Depreciation, amortisation and impairment losses, net	- 23,766	- 17,716
2	Gain on sale of non-current assets, etc., net	1,858	1,969
	Share of profit/loss in joint ventures	- 865	876
	Share of profit/loss in associated companies	4,863	3,853
	Profit/loss before financial items	**5,939**	**6,940**
3	Financial income	9,211	4,830
3	Financial expenses	- 13,425	- 9,162
	Profit/loss before tax	**1,725**	**2,608**
4	Tax	- 1,464	- 1,107
	Profit for the year - continuing operations	**261**	**1,501**
9	Profit for the year - discontinued operations	- 3,252	- 9,867
	Profit/loss for the year	**- 2,991**	**- 8,366**
	Of which:		
	Non-controlling interests	- 4,379	- 7,017
	A.P. Møller Holding A/S' share of profit for the year	**1,388**	**- 1,349**

Maersk Oil, Maersk Drilling and Maersk Supply Service, business activities in A.P. Moller – Maersk, are classified as discontinued operations and assets held for sale. Comparative figures have been restated for the income statement and cash flow statement, while the balance sheet has not been restated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	Amounts in DKKm	2017	2016
	Profit/loss for the year	**- 2,991**	**- 8,366**
	Translation to functional currency		
	Translation impact arising during the year	2,404	- 2,220
	Reclassified to income statement, gain on sale of non-current assets, etc., net	396	0
	Other equity investments (assets available-for-sale)		
15	Fair value adjustment for the year	0	159
	Reclassified to income statement, gain on sale of non-current assets, etc., net	0	- 343
	Cash flow hedges		
	Value adjustment of hedges for the year	2,237	- 1,554
	Reclassified to income statement:		
	- revenue	- 26	47
	- operating costs	- 297	249
	- financial expenses	363	430
	- discontinued operations	- 20	269
	Reclassified to cost of property, plant and equipment	- 185	780
4	Tax on other comprehensive income	- 211	105
7	Share of other comprehensive income of joint ventures and associated companies, net of tax	- 863	- 129
	Total items that have been or may be reclassified subsequently to the income statement	**3,798**	**- 2,207**
15	Other equity investments (FVOCI), fair value adjustments for the year	911	0
12	Actuarial gains/losses on defined benefit plans, etc.	1,050	- 646
	Translation from functional currency to presentation currency	- 26,623	6,842
4	Tax on other comprehensive income	- 66	0
	Total items that will not be reclassified to the income statement	**- 24,728**	**6,196**
	Other comprehensive income, net of tax	**- 20,930**	**3,989**
	Total comprehensive income for the year	**- 23,921**	**- 4,377**
	Of which:		
	Non-controlling interests	- 16,568	- 4,475
	A.P. Møller Holding A/S' share	**- 7,353**	**98**

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

Note	Amounts in DKKm	2017	2016
5	**Intangible assets**	**27,130**	**25,538**
6	**Property, plant and equipment**	**199,955**	**292,753**
7	Investments in joint ventures	8,652	12,337
7	Investments in associated companies	38,584	38,844
	Other equity investments	251	5,617
14	Derivatives	1,614	95
12	Pensions, net assets	1,850	675
	Loans receivable	912	895
	Other receivables	1,896	4,464
	Financial non-current assets, etc.	**53,759**	**62,927**
8	**Deferred tax**	**1,911**	**4,172**
	Total non-current assets	**282,755**	**385,390**
	Inventories	**6,209**	**6,084**
	Trade receivables	24,680	26,896
	Tax receivables	1,566	2,083
14	Derivatives	724	1,134
	Loans receivable	1,468	1,426
	Other receivables	5,693	6,720
	Prepayments	3,668	4,243
	Receivables, etc.	**37,799**	**42,502**
	Securities	**215**	**604**
	Cash and bank balances	**15,234**	**29,058**
	Assets held for sale	**93,086**	**728**
	Total current assets	**152,543**	**78,976**
	Total assets	**435,298**	**464,366**

Note	Amounts in DKKm	2017	2016
	Share capital	2,000	2,000
	Reserves	111,049	119,018
	Proposed dividend	500	500
	Equity attributable to A.P. Møller Holding A/S	**113,549**	**121,518**
	Non-controlling interests	115,953	134,858
	Total equity	**229,502**	**256,376**
11	**Borrowings, non-current**	**95,743**	**93,972**
12	Pensions and similar obligations	1,781	1,679
13	Provisions	6,309	25,204
14	Derivatives	857	3,714
8	Deferred tax	2,863	4,269
	Other payables	447	233
	Other non-current liabilities	**12,257**	**35,099**
	Total non-current liabilities	**108,000**	**129,071**
11	**Borrowings, current**	**20,413**	**17,398**
13	Provisions	3,429	8,856
	Trade payables	33,152	34,581
	Tax payables	1,754	1,492
14	Derivatives	810	3,784
	Other payables	7,899	9,519
	Deferred income	1,030	3,176
	Other current liabilities	**48,074**	**61,408**
	Liabilities associated with assets held for sale	**29,309**	**113**
	Total current liabilities	**97,796**	**78,919**
	Total liabilities	**205,796**	**207,990**
	Total equity and liabilities	**435,298**	**464,366**

CONSOLIDATED CASH FLOW STATEMENT

Note	Amounts in DKKm	2017	2016
	Profit/loss before financial items	5,939	6,940
5,6	Depreciation, amortisation and impairment losses, net	23,766	17,716
	Gain on sale of non-current assets, etc., net	- 1,826	- 1,376
	Share of profit/loss in joint ventures	865	- 876
	Share of profit/loss in associated companies	- 4,863	- 3,853
19	Change in working capital	- 2,228	- 2,670
	Change in provisions and pension obligations, etc.	- 802	- 1,522
	Other non-cash items	1,059	690
	Cash flow from operating activities before financial items and tax	**21,910**	**15,049**
	Dividends received	3,184	3,187
	Financial income received	808	460
	Financial expenses paid	- 5,818	- 4,455
	Taxes paid	- 1,211	- 3,071
	Cash flow from operating activities	**18,873**	**11,170**
19	Purchase of intangible assets and property, plant and equipment	- 24,304	- 14,983
	Sale of intangible assets and property, plant and equipment	2,995	2,982
20	Acquisition of subsidiaries and activities	- 27,411	- 4,762
20	Sale of subsidiaries and activities	2,073	94
	Sale of associated companies	2,358	0
	Other financial investments, net	5,264	5,601
	Cash flow used for capital expenditure	**- 39,025**	**- 11,068**
	Purchase/sale of securities, trading portfolio	375	1,832
	Cash flow used for investing activities	**- 38,650**	**- 9,236**
	Repayment of borrowings	- 17,913	- 14,505
	Proceeds from borrowings	28,791	20,023
	Purchase of own shares	0	- 1,856
	Sale of own shares	92	13
	Dividends distributed	- 500	- 1,000
	Dividends distributed to non-controlling interests	- 2,158	- 4,173
	Sale of non-controlling interests	26	0
	Other equity transactions	24	- 266
	Cash flow from financing activities	**8,362**	**- 1,764**
	Net cash flow from continuing operations	**- 11,415**	**170**
9	Net cash flow from discontinued operations	- 126	3,445
	Net cash flow for the year	**- 11,541**	**3,615**

Note	Amounts in DKKm	2017	2016
	Cash and cash equivalents at 1 January	28,859	27,821
	Currency translation effect on cash and cash equivalents	- 1,438	- 2,577
	Net cash flow for the year	- 11,541	3,615
	Cash and cash equivalents at 31 December	**15,880**	**28,859**
	Of which classified as assets held for sale	- 720	- 135
	Cash and cash equivalents at 31 December	**15,160**	**28,724**
	Cash and bank balances	15,234	29,058
	Overdrafts	- 74	- 334
	Cash and cash equivalents at 31 December	**15,160**	**28,724**

Cash and bank balances include DKK 6.2bn (DKK 7.8bn) relating to cash and bank balances in countries with exchange rate control or other restrictions. These funds are not readily available for other group companies.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Amounts in DKKm	Share capital	Translation reserve	Reserve for other equity investments	Reserve for hedges	Retained earnings	Proposed dividend	Total	Non-controlling interests[1]	Total equity
	Equity at 1 January 2016	2,000	- 1,080	- 581	- 854	122,259	1,000	122,744	144,363	267,107
	Other comprehensive income, net of tax	0	- 988	- 99	106	2,428	0	1,447	2,542	3,989
	Profit/loss for the year	0	0	0	0	- 1,849	500	- 1,349	- 7,017	- 8,366
	Total comprehensive income for the year	**0**	**- 988**	**- 99**	**106**	**579**	**500**	**98**	**- 4,475**	**- 4,377**
	Dividends to shareholders	0	0	0	0	0	- 1,000	- 1,000	- 4,173	- 5,173
10	Value of share-based payment	0	0	0	0	- 20	0	- 20	- 27	- 47
	Acquisition of non-controlling interests	0	0	0	0	- 178	0	- 178	985	807
	Purchase of own shares	0	0	0	0	0	0	0	- 1,856	- 1,856
	Sale of own shares	0	0	0	0	8	0	8	9	17
	Capital increases and decreases	0	0	0	0	0	0	0	101	101
	Other equity movements	0	0	0	0	- 134	0	- 134	- 69	- 203
	Total transactions with shareholders	**0**	**0**	**0**	**0**	**- 324**	**- 1,000**	**- 1,324**	**- 5,030**	**- 6,354**
	Equity at 31 December 2016	**2,000**	**- 2,068**	**- 680**	**- 748**	**122,514**	**500**	**121,518**	**134,858**	**256,376**
	2017									
	Impact due to implementation of new accounting standards	0	0	0	0	- 418	0	- 418	0	- 418
	Adjusted equity at 1 January 2017	**2,000**	**- 2,068**	**- 680**	**- 748**	**122,096**	**500**	**121,100**	**134,858**	**255,958**
	Other comprehensive income, net of tax	0	1,335	427	817	- 11,320	0	- 8,741	- 12,189	- 20,930
	Profit/loss for the year	0	0	0	0	888	500	1,388	- 4,379	- 2,991
	Total comprehensive income for the year	**0**	**1,335**	**427**	**817**	**- 10,432**	**500**	**- 7,353**	**- 16,568**	**- 23,921**
	Dividends to shareholders	0	0	0	0	0	- 500	- 500	- 2,158	- 2,658
10	Value of share-based payment	0	0	0	0	26	0	26	40	66
	Sale of non-controlling interests	0	0	0	0	0	0	0	- 106	- 106
	Sale of own shares	0	0	0	0	39	0	39	53	92
	Capital increases and decreases	0	0	0	0	- 24	0	- 24	123	99
	Transfer of loss on disposal of equity investments at FVOCI to retained earnings	0	0	322	0	- 322	0	0	0	0
	Change in non-controlling interest	0	- 6	- 2	- 2	280	0	270	- 270	0
	Other equity movements	0	0	0	0	- 9	0	- 9	- 19	- 28
	Total transactions with shareholders	**0**	**- 6**	**320**	**- 2**	**- 10**	**- 500**	**- 198**	**- 2,337**	**- 2,535**
	Equity at 31 December 2017	**2,000**	**- 739**	**67**	**67**	**111,654**	**500**	**113,549**	**115,953**	**229,502**

[1] Non-controlling interests primarily relate to 58% of the equity in A.P. Møller – Mærsk A/S.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Operating costs

Amounts in DKKm	2017	2016
Costs of goods sold	3,070	3,161
Bunker costs	23,448	14,352
Terminal costs	37,379	35,049
Intermodal costs	20,611	19,304
Port costs	14,093	12,500
Rent and lease costs	16,036	16,208
Staff costs	28,172	28,082
Other	43,190	42,693
Total operating costs	**185,999**	**171,349**
Remuneration of employees		
Wages and salaries	24,183	23,438
Severance payments	217	525
Pension costs, defined benefit plans	152	181
Pension costs, defined contribution plans	1,565	2,244
Other social security costs	2,154	1,991
Total remuneration	**28,271**	**28,379**
Of which:		
Recognised in the cost of assets	- 7	- 27
Included in exploration and restructuring costs	- 92	- 270
Expensed as staff costs	**28,172**	**28,082**
Average number of employees[1]	**78,127**	**78,613**

[1] The average number of employees including discontinued operations is 85,686 (87,739).

Rent and lease costs include contingent rent totalling DKK 1.3bn (DKK 1.3bn), which relates entirely to operating leases.

Customary agreements have been entered into with employees regarding compensation in connection with resignation with consideration for local legislation and collective agreements.

For information about share-based payment, reference is made to note 10.

Fees and remuneration to the Management Board	2017	2016
Fixed annual fee	11	5
Cash incentive	6	1
Total remuneration to the Executive Board	**17**	**5**

The Board of Directors has received fees of DKK 4.5m (DKK 4.2m).

Fees to statutory auditors

	PwC[1]		PwC including network firms	
	2017	2016	2017	2016
Statutory audit	42	34	121	108
Other assurance services	8	0	15	0
Tax and VAT advisory services	0	7	13	27
Other services	15	8	43	16
Total fees	**65**	**49**	**192**	**151**

[1] PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab.

Note 2: Gain on sale of non-current assets, etc., net

Amounts in DKKm	2017	2016
Gains	2,187	1,969
Losses	- 329	0
Gain on sale of non-current assets, etc., net	**1,858**	**1,969**

In 2017, gains were primarily related to A.P. Moller – Maersk's sale of subsidiaries and activities, and sale of other financial investments.

In 2016, gains were primarily related to dividends received from available-for-sale investments of DKK 593m and A.P. Moller – Maersk's sale of shares in Danmarks Skibskredit (Danish Ship Finance) of DKK 363m.

Note 3: Financial income and expenses

Amounts in DKKm	2017	2016
Interest expenses on liabilities	- 4,342	- 3,968
Of which borrowing costs capitalised on assets[1]	429	330
Interest income on loans and receivables	626	559
Interest income on securities	0	20
Fair value adjustment transferred from equity hedge reserve (loss)	- 387	- 464
Unwind of discount on provisions	34	24
Net interest expenses	**- 3,640**	**- 3,499**
Exchange rate gains on bank balances, borrowings and working capital	4,374	3,538
Exchange rate losses on bank balances, borrowings and working capital	- 7,204	- 3,721
Net foreign exchange gains/losses	**- 2,830**	**- 183**
Fair value gains from derivatives	3,968	430
Fair value losses from derivatives	- 1,984	- 1,340
Fair value gains from securities	230	257
Fair value losses from securities	- 1	- 21
Net fair value gains/losses	**2,213**	**- 674**
Dividends received from securities	13	26
Impairment losses on financial non-current receivables	30	- 2
Financial expenses, net	**- 4,214**	**- 4,332**
Of which:		
Financial income	9,211	4,830
Financial expenses	- 13,425	- 9,162

[1] The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 4.1% (4.1%).

For an analysis of gains and losses from derivatives, reference is made to note 15.

Note 4: Tax

Amounts in DKKm	2017	2016
Tax recognised in the income statement		
Current tax on profits for the year	1,799	977
Adjustment for current tax of prior periods	- 472	- 1,012
Utilisation of previously unrecognised deferred tax assets	- 33	- 24
Total current tax	**1,294**	**- 59**
Origination and reversal of temporary differences	- 210	444
Adjustment for deferred tax of prior periods	33	213
Adjustment attributable to changes in tax rates and laws	- 165	112
Recognition of previous unrecognised deferred tax assets	- 78	- 37
Reassessment of recoverability of deferred tax assets, net	107	70
Total deferred tax	**- 313**	**802**
Total income tax	**981**	**743**
Tonnage and freight tax	483	364
Total tax expense	**1,464**	**1,107**

Amounts in DKKm	2017	2016
Tax reconciliation		
Proft/loss before tax	1,725	2,608
Profit/loss subject to Danish and foreign tonnage taxation, etc.[1]	- 1,073	4,402
Internal gain/loss on sale of assets	0	- 16
Share of profit/loss in joint ventures	865	- 876
Share of profit/loss in associated companies	- 4,863	- 4,519
Profit/loss before tax, adjusted	**- 3,346**	**1,599**
Tax using the Danish corporation tax rate (22.0%)	- 736	352
Effect of income taxes on oil and gas	0	- 13
Tax rate deviations in foreign jurisdictions	349	148
Non-taxable income	- 634	- 515
Non-deductible expenses	729	525
Adjustment to previous years' taxes	- 439	- 784
Effect of changed tax rate	- 165	112
Change in recoverability of deferred tax assets	- 4	9
Deferred tax asset not recognised	1,108	334
Other differences, net	773	575
Total income tax	**981**	**743**
Tax recognised in other comprehensive income and equity	- 277	105
Of which:		
Current tax	- 79	- 30
Deferred tax	- 198	135

1. Including impairment losses on vessels, rigs under tonnage taxation.

Note 5: Intangible assets

Amounts in DKKm	Goodwill	Terminal and service concession rights[2]	Oil concession rights	Customer relations and brand name	Other rights[3]	Total
Cost						
At 1 January 2016	3,380	10,406	51,347	0	3,955	69,088
Addition	0	1,745	2,956	0	827	5,528
Acquired in business combinations	1,666	5,687	0	0	237	7,590
Disposal	0	0	- 3,464	0	- 32	- 3,496
Transfer, assets held for sale	- 9	0	0	0	0	- 9
Exchange rate adjustment	112	301	1,664	0	144	2,221
At 31 December 2016	**5,149**	**18,139**	**52,503**	**0**	**5,131**	**80,922**
Addition	0	1,617	495	0	255	2,367
Acquired in business combinations[1]	2,561	0	0	7,546	0	10,107
Disposal	0	0	- 1,175	0	- 24	- 1,199
Transfer, assets held for sale	0	0	- 48,451	0	- 1,591	- 50,042
Exchange rate adjustment	- 571	- 1,695	- 3,372.0	- 458	- 440	- 6,536
At 31 December 2017	**7,139**	**18,061**	**0**	**7,088**	**3,331**	**35,619**
Amortisation and impairment losses						
At 1 January 2016	2,785	1,481	48,716	0	2,979	55,961
Amortisation	0	438	487	0	341	1,266
Impairment losses	0	0	0	0	74	74
Disposal	0	0	- 3,464	0	- 30	- 3,494
Exchange rate adjustment	6	17	1,459	0	95	1,577
At 31 December 2016	**2,791**	**1,936**	**47,198**	**0**	**3,459**	**55,384**
Amortisation	0	522	277	40	387	1,226
Impairment losses	0	845	0	0	172	1,017
Disposal	0	- 20	0	0	- 58	- 78
Disposal on sale of businesses	0	0	- 1,083	0	0	- 1,083
Transfer, assets held for sale	0	0	- 43,361	0	- 865	- 44,226
Exchange rate adjustment	- 141	- 235	- 3,031	- 3	- 341	- 3,751
At 31 December 2017	**2,650**	**3,048**	**0**	**37**	**2,754**	**8,489**
Carrying amount:						
At 31 December 2016	**2,358**	**16,203**	**5,305**	**0**	**1,672**	**25,538**
At 31 December 2017	**4,489**	**15,013**	**0**	**7,051**	**577**	**27,130**

1 Acquisition of Hamburg Süd, please refer to note 20 "Acquisition/sale of subsidiaries and activities".
2 Of which DKK 4,016m (DKK 628m) is under development. DKK 211m (DKK 239m) is related to terminal rights with indefinite useful life in Poti Sea Port Corp. The impairment test is based on the estimated fair value according to business plans. An average discount rate of 14.8% (12.9%) p.a. after tax has been applied in the calculations. Furthermore, the developments in volumes and rates are significant parameters. Service concession rights with a carrying amount of DKK 583m (DKK 670m) have restricted title.

3 Of which DKK 124m (DKK 303m) is related to ongoing development of software.

Note 5: Intangible assets - continued

Impairment analysis

The recoverable amount of each cash generating unit (CGU) is determined on the basis of the higher of its value-in-use or fair value less cost to sell. The value-in-use is calculated using certain key assumptions for the expected future cash flows and applied discount factor.

The cash flow projections are based on financial budgets and business plans approved by management. In nature, these projections are subject to judgement and estimates that are uncertain, though based on experience and external sources where available. The discount rates applied reflect the time value of money as well as the specific risks related to the underlying cash flows, i.e. project and/or country specific risk premium. Further, any uncertainties reflecting past performance and possible variations in the amount or timing of the projected cash flows are generally reflected in the discount rates.

During 2017, certain terminals were faced with challenging market outlooks with decreasing volumes and rates which resulted in impairment losses as recoverable amounts were lower than the carrying amount. The key assumptions for APM Terminals' value calculations are container moves, revenue and cost per move and discount rates. The cash flow projections cover the concession period and extension options where deemed likely that they will be exercised. The growth rates assumed reflect current market expectations for the relevant period.

For the intangible assets in A.P. Moller – Maersk the impairment losses can be specified as follows:

	Applied discount rate p.a. after tax		Impairment losses	
	2017	2016	2017	2016
Terminal and service concession rights	6.5%-12.5%		845	0
Other rights	6.5%-8%		172	74
Total			**1,017**	**74**

After impairment losses the recoverable amount of the impaired intangible assets is nil.

Note 6: Property, plant and equipment

Amounts in DKKm	Ships, containers, etc.	Production facilities and equipment, etc.	Rigs	Construction work in progress and payment on account	Total
Cost					
At 1 January 2016	298,818	209,377	66,828	33,164	608,187
Addition[1]	9,870	- 384	771	19,127	29,384
Acquired in business combinations	9	2,838	0	35	2,882
Disposal	- 12,213	- 713	- 72	- 841	- 13,839
Transfer	4,827	7,971	626	- 13,424	0
Transfer, assets held for sale	- 271	- 445	0	0	- 716
Exchange rate adjustment	9,653	5,347	2,267	1,363	18,630
At 31 December 2016	**310,693**	**223,991**	**70,420**	**39,424**	**644,528**
Addition	10,041	396	7	25,506	35,950
Acquired in business combinations	25,093	198	0	244	25,535
Disposal	- 1,040	- 62,451	- 7	- 21	- 63,519
Transfer	14,335	9,381	4,278	- 27,994	0
Transfer, assets held for sale	- 38,179	- 115,406	- 70,177	- 24,968	- 248,730
Exchange rate adjustment	- 36,057	- 14,960	- 4,521	- 2,549	- 58,087
At 31 December 2017	**284,886**	**41,149**	**0**	**9,642**	**335,677**

1 The negative addition under Production facilities and equipment, etc. is due to adjustments of abandonment provision predominantly in the UK.

Amounts in DKKm	Ships, containers, etc.	Production facilities and equipment, etc.	Rigs	Construction work in progress and payment on account	Total
Depreciation and impairment losses					
At 1 January 2016	127,133	157,972	15,577	6,993	307,675
Depreciation	15,305	9,900	3,831	- 1	29,035
Impairment losses	4,953	82	9,623	1,763	16,421
Disposal	- 10,726	- 619	- 26	- 189	- 11,560
Transfer, assets held for sale	- 187	- 284	0	0	- 471
Exchange rate adjustment	4,447	4,746	1,170	312	10,675
At 31 December 2016	**140,925**	**171,797**	**30,175**	**8,878**	**351,775**
Depreciation	15,885	7,413	2,291	0	25,589
Impairment losses	3,789	1,221	11,223	1,657	17,890
Reversal of impairment losses	- 78	- 1,591	0	0	- 1,669
Disposal	- 4,002	- 62,265	- 7	- 46	- 66,320
Transfer	522	1,083	522	- 2,127	0
Transfer, assets held for sale	- 24,058	- 87,441	- 42,271	- 7,401	- 161,171
Exchange rate adjustment	- 16,516	- 11,340	- 1,933	- 583	- 30,372
At 31 December 2017	**116,467**	**18,877**	**0**	**378**	**135,722**
Carrying amount:					
At 31 December 2016	**169,768**	**52,194**	**40,245**	**30,546**	**292,753**
At 31 December 2017	**168,419**	**22,272**	**0**	**9,264**	**199,955**
Finance leased assets included in carrying amount:					
At 31 December 2016	**16,768**	**522**	**0**	**54**	**17,344**
At 31 December 2017	**18,949**	**669**	**0**	**24**	**19,642**

Note 6: Property, plant and equipment - continued

Acquired in business combinations
The additions of DKK 25.5bn are related to the acquisition of Hamburg Süd (see note 20).

Transfers
Transfers to assets held for sale primarily relate to Maersk Oil, Maersk Drilling and Maersk Supply Service (see note 9).

In 2016, transfers were primarily related to APM Terminals' divestment of Pentalver in the UK and four vessels in Maersk Tankers.

Finance leases
As part of the Group's activities, customary leasing agreements are entered into, especially with regard to the chartering of vessels and lease of containers and other equipment. In some cases, the leasing agreements comprise purchase options for the group and options for extension of the lease term. In the financial statements, assets held under finance leases are recognised in the same way as owned assets.

Impairment analysis
For general information on basis for calculating recoverable amount reference is made to note 24 and note 5.

In the cash generating units set out below the impairment test gave rise to impairment losses and reversals.

Note 6: Property, plant and equipment - continued

Amounts in DKKm		Impairment losses		Reversal of impairment losses		Applied discount rate p.a. after tax		Recoverable amount	
Operating segment	Cash generating unit	2017	2016	2017	2016	2017	2016	2017	2016
APM Terminals[1]	Terminals	1,241				6.5%-18.3%		3,017	
Maersk Oil[2]	Denmark			1,551				6,272	
Maersk Drilling[2]	Deepwater rigs	6,760	7,190			10.5%	8.5%		
Maersk Drilling[2]	Jack-up rigs	4,463	2,966			10.5%	8.5%	10,206	18,752
Maersk Supply[2]	Anchor Handling Tug Supply Vessels[3]	1,030	5,609			10.5%	8.5%	17,369	23,272
Maersk Supply[2]	SSV	1,096	54				8.5%		1,157
Maersk Supply[2]	Others	92	383			10.1%	8.5%	2,614	2,536
A.P. Møller Maersk - Other		67	219	40		10.1%	8.5%	92	148
Maersk Tankers[4]	All vessels	3,141		78		10.5%	8.5%	6,958	
Total		**17,890**	**16,421**	**1,669**					

1 The impairment loss relates to certain terminals in commercially challenged markets. An additional DKK 136m is recognised as impairment in the income statement and booked as provision (relates to assets that will be delivered in 2018.)

2 For Maersk Oil, Maersk Drilling, and Maersk Supply Service, impairment losses were recognised immediately before the initial classification of the businesses as assets held for sale. The reversal of prior impairments in Maersk Oil reflects an assumed higher fair value of the assets in Denmark. For Maersk Drilling and Maersk Supply Service the impairment analysis is based on a discounted cash flow calculation for the remaining lifetime of the assets. The key assumptions for these calculations are expected day rates, utilisation and discount rate (further details are set out in note 24).

3 Impairment loss of DKK 1.0bn relates to the impairment losses recognised on newbuildings in 2016 (onerous contracts) and reflected here as transfer upon delivery in 2017.

4 For Maersk Tankers' impairment analysis is based on a fair value assessment and a discounted cash flow calculation for the remaining lifetime of the assets. The key assumptions for these calculations are expected day rates, utilisation and discount rate.

Note 7: Investments in joint ventures and associated companies

Investments in joint ventures

Amounts in DKKm	2017	2016
A.P. Møller Holding A/S' share of:		
Profit for the year	- 865	876
Comprehensive income	13	20

Investments in associated companies

Amounts in DKKm	2017	2016
A.P. Møller Holding A/S' share of:		
Profit for the year	4,863	3,853
Comprehensive income	- 876	- 149

The associated company Danske Bank A/S (100%) only

Amounts in DKKm	2017	2016
Total income	127,081	120,525
Operating costs, depreciations, financials, tax, etc.	- 106,181	- 100,667
Profit for the year	**20,900**	**19,858**
Comprehensive income	- 265	- 736
Comprehensive income, total	**20,635**	**19,122**
Non-current assets	2,271,639	2,282,064
Current assets	1,267,471	1,201,607
Non-current liabilities	- 2,415,575	- 2,412,642
Current liabilities	- 970,037	- 918,757
Total assets, net	**153,498**	**152,272**
Cash and bank balances	82,818	53,211
A.P. Møller Holding A/S' share of:		
Profit for the year	4,196	4,223
Comprehensive income	- 876	- 152

A.P. Møller Holding A/S' share of profit for the year in Danske Bank A/S amounted to DKK 4.2bn (DKK 4.2bn).

A.P. Møller Holding A/S' share of Danske Bank A/S' market value at 31 December 2017 amounted to DKK 45.3bn (DKK 42.1bn) and the carrying amount DKK 32.6bn (DKK 32.8bn), including group goodwill DKK 1.0bn (DKK 1.0bn).

Note 8: Deferred tax

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net liabilities	
Amounts in DKKm	2017	2016	2017	2016	2017	2016
Property, plant and equipment	427	1,042	1,373	11,954	946	10,912
Provisions, etc.	825	5,430	503	416	- 322	- 5,014
Tax loss carry forwards	1,201	7,309	0	0	- 1,201	- 7,309
Other	352	770	1,881	2,278	1,529	1,508
Total	**2,805**	**14,551**	**3,757**	**14,648**	**952**	**97**
Offsets	- 894	- 10,379	- 894	- 10,379	0	0
Total	**1,911**	**4,172**	**2,863**	**4,269**	**952**	**97**

Change in deferred tax, net during the year

Amounts in DKKm	2017	2016
At 1 January	**97**	**- 4,176**
Property, plant and equipment	- 10,074	- 954
Provisions, etc.	4,810	3,793
Tax loss carry forwards	7,144	429
Other	- 1,434	130
Recognised in the income statement[1]	**446**	**3,398**
Other including business combinations	317	853
Exchange rate adjustments	92	22
At 31 December	**952**	**97**

1 Of which DKK 931m (DKK 2,603m) is recognised as an expense in discontinued operations.

Unrecognised deferred tax assets - continuing operations

Amounts in DKKm	2017	2016
Deductible temporary differences	925	92
Tax loss carry forwards	3,198	3,499
Total[2]	**4,123**	**3,591**

2 In addition, deductible temporary differences of DKK 5.6bn (DKK 6.3) and tax loss carry forward of DKK 2.9bn (DKK 3.7bn) relate to discontinued operations.

The unrecognised deferred tax assets have no significant time limitations. There are no substantial unrecognised tax liabilities on investments in subsidiaries, associated companies and joint ventures.

Note 9: Discontinued operations and assets held for sale

Maersk Oil, Maersk Drilling and Maersk Supply Service are classified as discontinued operations and assets held for sale in 2017.

A.P. Moller - Maersk executed on the strategy to separate its energy businesses in 2017 with an agreement for Total S.A. to acquire Maersk Oil for USD 7,450m (approx. DKK 46bn) in a combined share and debt transaction. The transaction was closed in March 2018. Further, structural solutions for Maersk Drilling and Maersk Supply Service are expected before the end of 2018.

In the consolidated financial statements, the results for Maersk Oil, Maersk Drilling and Maersk Supply Service are classified under discontinued operations with a net loss of DKK 3.3bn (loss of DKK 9.9bn), negatively impacted by net impairment losses totalling DKK 11.9bn (DKK 16.2bn), primarily related to Maersk Drilling. Impairment losses and reversals are specified in notes 5 and 6. The cash flow from operating activities was DKK 13.3bn (DKK 19.6bn), while the cash flow used for capital expenditure amounted to DKK 11.6bn (DKK 14.1bn), leaving a free cash flow of DKK 1.7bn (DKK 5.5bn).

The results of the discontinued businesses are presented in one separate line in the income statement, cash flow statement and balance sheet. Both the income statement and cash flow statement have been restated in previous years, while the balance sheet has not been restated.

Intangible assets held for sale amounts to DKK 4.8bn for Maersk Oil, DKK 0.6bn for Maersk Drilling and DKK 25m for Maersk Supply Service. Property plant and equipment held for sale mainly comprises of Maersk Oil with DKK 41.0bn, Maersk Drilling with DKK 26.7bn and Maersk Supply Service with DKK 5.8bn.

Assets held for sale in 2016 were predominantly related to Pentalver in APM Terminals.

Amounts in DKKm	2017	2016
Profit/loss for the period - discontinued operations		
Revenue	38,750	49,243
Expenses	- 16,480	- 21,904
Gains/losses on sale of assets and businesses	93	- 106
Depreciation, amortisation and impairment losses, net	- 19,198	- 31,157
Profit/loss before tax, etc.	**3,165**	**- 3,924**
Tax[1]	- 6,417	- 5,943
Profit/loss for the year - discontinued operations	**- 3,252**	**- 9,867**
Cash flow from discontinued operations		
Cash flow from operating activities	13,278	19,587
Cash flow used for investing activities	- 11,605	- 14,079
Cash flow from financing activities	- 1,799	- 2,063
Net cash flow from discontinued operations	**- 126**	**3,445**

[1] The tax relates to the profit from the ordinary activities of discontinued operations.

Note 9: Discontinued operations and assets held for sale - continued

Amounts in DKKm	2017	2016
Balance sheet items comprise		
Intangible assets	5,431	7
Property, plant and equipment	73,982	296
Deferred tax assets	1,514	21
Other assets	3,048	58
Non-current assets	**83,975**	**382**
Current assets	9,111	346
Assets held for sale	**93,086**	**728**
Provisions	18,986	7
Deferred tax liabilities	1,403	0
Other liabilities	8,920	106
Liabilities associated with assets held for sale	**29,309**	**113**

Maersk Oil

On 21 August, A.P. Moller - Maersk announced the sale of Maersk Oil to Total S.A. for USD 7,450m (approx. DKK 46bn) in a combined share and debt transaction. The transaction has been regulatory approved and closed in March 2018. The sale is based on a locked box transaction effective 1 July 2017, whereby all cash flows from Maersk Oil from 30 June 2017 until closing belong to the buyer. As compensation for the lost cash flow, A.P. Moller - Maersk will receive a locked box interest of 3% p.a. of the enterprise value.

Full year 2017

Maersk Oil reported a profit of DKK 7.9bn (DKK 3.0bn). The profit was positively impacted by lower costs due to cost reduction efforts, lower exploration costs, an average oil price of USD 54 per barrel (USD 44 per barrel), 24% higher than for 2016, and one-offs mainly from reversal of impairments, tax and provisions.

Full year guidance to the market was an entitlement production between 215,000 boepd and 225,000 boepd. Maersk Oil delivered within the range at 220,000 boepd. The entitlement production of 220,000 boepd was lower than full year 2016 (313,000 boepd) primarily because of the exit from Qatar.

At 31 December 2017 Maersk Oil has capital commitments totalling DKK 12.4bn.

Maersk Drilling

Maersk Drilling has been classified as discontinued operations and assets held for sale, as a structural solution is expected before the end of 2018.

Full year 2017

Maersk Drilling reported a loss of DKK 9.9bn (loss of DKK 4.8bn), negatively impacted by an accounting impairment of DKK 11.2bn net of tax prior to classification as discontinued operations. The result was further negatively impacted by a number of idle rigs and the expiration of contracts signed at higher day rates and an accounting loss from the sale of the shares in Egyptian Drilling Company of DKK 310m. The result was positively impacted by high operational uptime and cost savings.

Maersk Supply Service

Maersk Supply Service has been classified as discontinued operations and assets held for sale, as a structural solution is expected before the end of 2018.

Full year 2017

For Maersk Supply Service, the market situation remains challenged with a reported loss of DKK 1.7bn (loss of DKK 8.1bn), negatively impacted by impairments prior to classification as held for sale of DKK 1.2bn (DKK 8.1bn) because of over-supply and reduced long-term demand expectations due to lower offshore spending. At 31 December 2017 Maersk Supply Service has capital commitments related to newbuilding programme for 6 vessels totalling DKK 3.1bn.

Note 10: Share-based payment

Equity-settled incentive plans (excluding share options plan)

A.P. Møller – Mærsk A/S

A.P. Moller - Maersk has two different equity-settled incentive plans. The Restricted Shares Plan was introduced in 2013 and grants have been awarded to employees on a yearly basis since 2013. In 2014, A.P. Moller – Maersk established a 3-year Performance Shares Plan for members of A.P. Møller – Mærsk A/S' Executive Board and other employees.

The transfer of restricted and performance shares is contingent upon the employee still being employed and not being under notice of termination and takes place when three years have passed from the time of granting. Transfer of the performance shares to members of A.P. Møller – Mærsk A/S' Executive Board was further contingent upon the member still being employed in A.P. Moller - Maersk at the time of publishing of the Annual Report 2016 for A.P. Møller - Mærsk A/S.

The actual transfer of performance shares was further contingent upon the degree of certain financial goals being achieved. This meant that the number of shares that eventually would vest was adjusted during the vesting period.

The members of A.P. Møller – Mærsk A/S' Executive Board as well as other employees are not entitled to any dividends during the vesting period. Special conditions apply regarding illness, death and resignation as well as changes in the Company's capital structure, etc. A.P. Møller - Mærsk A/S' holding of own B shares will be used to meet the Company's obligations in connection with the Restricted Shares Plan.

Outstanding awards under equity-settled incentive plans (excl. share option plans)	Restricted Shares Plan Employees[1]	Performance Shares Plan Members of the Executive Board[1]	Performance Shares Plan Employees[1]	Total fair value[1]
	No.	No.	No.	DKKm
Outstanding at 1 January 2016	14,104	1,860	12,099	
Granted	7,078	20	395	66
Exercised	5,730	0	0	
Adjustment[2]	0	- 620	- 11,339	
Forfeited	385	1,260	312	
Outstanding at 31 December 2016	**15,067**	**0**	**843**	
Granted	5,024		66	53
Exercised	4,591		842	
Adjustment[2]	0		- 67	
Forfeited	968		0	
Outstanding at 31 December 2017	**14,532**	**0**	**0**	

1 At the time of grant.
2 Primarily due to changes in the degree of certain financial goals being achieved.

The fair value of restricted shares (A.P. Møller - Mærsk A/S B shares) granted to 132 (140) employees was DKK 53m (DKK 61m) at the time of grant. The total value of granted restricted shares recognised in the income statement is DKK 53m (DKK 54m).

The fair value of performance shares (A.P. Møller - Mærsk A/S B shares) granted to 0 (1) members of A.P. Møller – Mærsk A/S' Executive Board and to 2 (16) employees was DKK 0m (DKK 7m). The total value of granted performance shares recognised in the income statement is an income of DKK 7m (income of DKK 101m).

The fair value per restricted share at the time of grant is DKK 11,550 (DKK 8,463), which is equal to the volume weighted average share price on the date of grant, i.e. 1 April 2017.

On 1 April 2017, the restricted shares originally granted in 2014 were settled with the employees. The weighted average share price at that date was DKK 11,550.

Note 10: Share-based payment - continued

The average remaining contractual life for the restricted shares as per 31 December 2017 is 1.3 years (1.4 years).

Cash-settled incentive plan

A.P. Møller – Mærsk A/S

In 2015, A.P. Moller - Maersk introduced the Performance Shares Plan to a broader range of employees. The actual settlement of the awards is contingent upon the degree of certain financial goals being achieved, the employee still being employed and not being under notice of termination at the date of settlement. This means that the number of awards that eventually will vest may be adjusted during the vesting period. Depending on the agreement, the settlement will take place two or three years after the initial granting and the employee may have the option to settle the awards in shares.

The employees are not entitled to any dividends during the vesting period. Special conditions apply regarding illness, death and resignation as well as changes in the Company's capital structure, etc.

Outstanding awards under cash-settled performance share plan	Employees No.	Total fair value[1] DKKm	Carrying amount of liabilities DKKm
Outstanding at 1 January 2016	8,816		
Granted	435	7	
Adjustment	- 8,686		
Forfeited	565		
Outstanding at 31 December 2016	**0**		**0**
Granted	780		
Adjustment[2]	- 780		
Outstanding at 31 December 2017	**0**		**0**

1 At the time of grant.
2 Due to changes in the degree of certain financial goals being achieved.

The fair value of awards granted to 42 (27) employees was DKK 0m (DKK 7m) at the time of grant. The total value of the awards recognised in the income statement is DKK 0m (DKK 20m).

The average remaining contractual life for the cash-settled incentive plan as per 31 December 2017 is 0.3 years (1.1 years).

A.P. Møller Holding A/S

A.P. Møller Holding A/S has introduced a cash-settled incentive plan to members of the Executive Board. The incentive plan provides an annual bonus and a three-years bonus programme, which depends on the development of the company's investments. Bonus is included in Remuneration to A.P. Møller Holding's Executive Board with DKK 5.8m (DKK 0.5m).

Share option plans

A.P. Møller – Mærsk A/S

In addition to the plans described above, A.P. Moller - Maersk has Share Option Plans for members of A.P. Møller – Mærsk A/S' Executive Board and other employees. Each share option granted is a call option to buy an existing B share of nominal DKK 1,000 in A.P. Møller - Mærsk A/S.

The share options are granted at an exercise price corresponding to 110% of the average of the market price on the first five trading days following the release of A.P. Møller - Mærsk A/S' Annual Report. Exercise of the share options is contingent upon the option holder still being employed at the time of exercise. The share options can be exercised when at least two years (three years for share options granted to A.P. Møller – Mærsk A/S' Executive Board members) and no more than seven years (six years for share options granted to employees not members of A.P. Møller – Mærsk A/S' Executive Board) have passed from the time of grant. Special conditions apply regarding illness, death and resignation as well as changes in A.P. Møller – Mærsk A/S' capital structure, etc.

Note 10: Share-based payment - continued

	Members of the Executive Board [1]	Employees[1]	Total	Average exercise price	Total fair value[1]
	No.	No.	No.	DKK	DKKm
Outstanding at 1 January 2016	7,715	15,200	22,915	8,975	
Exercised	0	- 1,880	- 1,880	8,298	
Expired	- 3,875	- 5,685	- 9,560	9,919	
Outstanding at 31 December 2016	**3,840**	**7,635**	**11,475**	**8,298**	
Exercisable at 31 December 2016	**3,840**	**7,635**	**11,475**	**8,298**	
Granted	4,928	20,839	25,767	12,791	53
Exercised	- 3,840	- 7,530	- 11,370	8,298	
Expired		- 105	- 105	8,298	
Forfeited		- 237	- 237	12,791	
Outstanding at 31 December 2017	**4,928**	**20,602**	**25,530**	**12,791**	
Exercisable at 31 December 2017	**0**	**0**	**0**		

[1] At the time of grant.

The share options can only be settled in shares. A.P. Møller - Mærsk A/S' holding of own B shares will be used to meet the Company's obligations in connection with the share option plans.

The fair value of awards granted to three members of A.P. Møller – Mærsk A/S' Executive Board and 79 employees was DKK 53m (DKK 0m) at the time of grant. The total value of granted share options recognised in the income statement is DKK 20m (DKK 0m).

The weighted average share price at the dates of exercise of share options was DKK 11,778 (DKK 10,154).

The average remaining contractual life as per 31 December 2017 is 6.1 years (0.3 years) and the exercise price for outstanding share options is DKK 12,791 (DKK 8,298).

The fair value per option granted in 2017 to members of A.P. Møller – Mærsk A/S' Executive Board is calculated at DKK 2,130 at the time of grant, based on Black & Scholes' option pricing model. The fair value per option granted in 2017 to employees not members of the Executive Board is calculated at DKK 2,281 at the time of grant based on the same option pricing model.

The following principal assumptions are used in the valuation:

	Share options granted to members of the Executive Board	Share options granted to employees not members of the Executive Board
Share price, five days volume weighted average after publication of Annual Report, DKK	11,628	11,628
Exercise price, DKK	12,791	12,791
Expected volatility (based on historic volatility)	31%	31%
Expected term	5	5.75
Expected dividend per share, DKK	300	300
Risk free interest rate	-0.12%	0.01%

Note 11: Borrowings and net debt reconciliation

Amounts in DKKm	Net debt as at 31 December 2016	Cash flows¹	Non-cash changes: Acquisitions	Non-cash changes: Foreign exchange movements	Non-cash changes: Other²	Net debt as at 31 December 2017
Bank and other credit institutions	38,226	14,992	964	- 2,097	- 1,393	50,692
Finance lease liabilities	16,020	- 2,040	4,001	- 2,088	1,136	17,029
Issued bonds	57,124	- 5,757	0	- 2,774	- 158	48,435
Total	**111,370**	**7,195**	**4,965**	**- 6,959**	**- 415**	**116,156**
Borrowings:						
Classified as non-current	93,972					95,743
Classified as current	17,398					20,413
Derivatives hedge of borrowings, net	**5,686**	**- 1,479**	**0**	**- 4,416**	**- 337**	**- 546**

1. Difference from the net proceeds from borrowings as presented in the cash flow statement mainly relates to discontinued operations' repayments of borrowings.
2. Other includes transfers to held for sale, new finance leases and fair value changes.

Finance lease liabilities Amounts in DKKm	Minimum lease payments 2016	Interest 2016	Carrying amount 2016	Minimum lease payments 2017	Interest 2017	Carrying amount 2017
Within one year	2,307	896	1,411	3,619	813	2,806
Between one and five years	8,829	2,790	6,039	11,262	1,812	9,450
After five years	10,735	2,165	8,570	6,703	1,930	4,773
Total	**21,871**	**5,851**	**16,020**	**21,584**	**4,555**	**17,029**

The finance lease agreements are described in note 6.

As at 31 December 2017, DKK 5.0bn of the group's borrowings, which include change of control clauses and negative pledges relating to assets which are classified as held for sale, have been reclassified to current despite the loans falling due after one year. The terms of the loans require immediate repayment on sale or change of control.

Note 12: Pensions and similar obligations

As employer, the group participates in pension plans according to normal practice in the countries in which the group operates. Generally, the pension plans within the group are defined contribution plans, where contributions are recognised in the income statement on an accrual basis. A number of entities have defined benefit plans, in which retirement benefits are based on length of service and salary level. To a limited extent, these defined benefit plans also include payment of medical expenses, etc.

Pension and medical plans which, as part of collective bargaining agreements, have been entered into with other enterprises (known as multi-employer plans) are treated as other pension plans. Such defined benefit plans are treated as defined contribution plans when sufficient information for calculating the individual enterprises' share of the obligation is not available.

In 2018, the group expects to pay contributions totalling DKK 223m to funded defined benefit plans (DKK 287m in 2017).

Amounts in DKKm	United Kingdom 2017	Other 2017	Total 2017	United Kingdom 2016	Other 2016	Total 2016
Specification of net liability						
Present value of funded plans	13,915	3,302	17,217	14,209	3,041	17,250
Fair value of plan assets	- 15,728	- 2,638	- 18,366	- 14,753	- 2,539	- 17,292
Net liability of funded plans	- 1,813	664	- 1,149	- 544	502	- 42
Present value of unfunded plans	0	720	720	0	473	473
Impact of minimum funding requirement/ asset ceiling	360	0	360	573	0	573
Net liability at 31 December	**- 1,453**	**1,384**	**- 69**	**29**	**975**	**1,004**
Of which:						
Pensions, net assets			1,850			675
Pensions and similar obligations			- 1,781			- 1,679

Note 12: Pensions and similar obligations - continued

The majority of the group's defined benefit liabilities are in the UK (78%) and USA (13%). All of the plans in the UK and the majority of the plans in the USA are funded. Although all of the UK plans are now closed to new entrants, active members in the two largest plans continue to accrue new benefits. The smaller UK plans are all closed to new accruals, although a salary link remains in some of the plans.

Overall, the plans have an average duration of 16 years and approximately 53% of the obligation is in respect of pensioner members.

As well as being subject to the risks of falling interest rates, which would increase the obligation, poor asset returns and pensioners living longer than anticipated, the group is also subject to the risk of higher than expected inflation. This is because many pension benefits, particularly in the UK plans, increase in line with inflation (although some minimum and maximum limits apply).

Significant financial assumptions	United Kingdom 2017	Total 2017	United Kingdom 2016	Total 2016
Discount rate	2.5%	2.7%	2.7%	2.9%
Inflation rate	3.3%	3.1%	3.4%	3.2%
Future salary increase	3.5%	3.1%	3.6%	3.6%
Future pension increase	3.0%	2.5%	3.1%	3.0%

Rates of life expectancy reflect the most recent mortality investigations, and in line with market practice an allowance is made for future improvements in life expectancy. The group assumes that future improvements will be in line with the latest projections (1.25% in 2017 and in 2016) for all UK plans.

Life expectancy	2017	2037	2016	31 December 2036
65 year old male in the UK	21.8	23.3	21.9	23.7

The liabilities are calculated using assumptions that are the group's best estimate of future experience bearing in mind the requirements of IAS 19.

The sensitivity of the liabilities and pension cost to the key assumptions are as follows:

Sensitivities to key assumptions in the UK Factors	"Change in liability"	2017 Increase	2017 Decrease	2016 Increase	2016 Decrease
Discount rate	Increase/(decrease) by 10 basis points	- 217	223	- 247	254
Inflation rate	Increase/(decrease) by 10 basis points	118	- 130	155	- 169
Life expectancy	Increase/(decrease) by 1 year	596	- 583	649	- 635

The group's plans are funded in accordance with applicable local legislation. In the UK, each plan has a Trustee Board that is required to act in the best interests of plan members. Every three years, a formal valuation of the plan's liabilities is carried out using a prudent basis and if the plan is in deficit, the Trustees agree with the group or the sponsoring employer on a plan for recovering that deficit.

The expected contributions to the UK plans for 2018 are DKK 223m (DKK 251m in 2017) of which DKK 56m (DKK 103m in 2016) is deficit recovery contributions. In most of the UK plans, any surplus remaining after the last member dies may be returned to the group. However, the Merchant Navy Ratings Pension Fund (MNRPF) and the Merchant Navy Officers Pension Fund (MNOPF) contributions paid by the group are not refundable in any circumstance and the balance sheet liability reflects an adjustment for any agreed deficit recovery contributions in excess of deficit determined using the group's assumptions. In 2017, an adjustment of DKK 192m (DKK 327m) was applied in this respect.

Note 12: Pensions and similar obligations - continued

Specification of plan assets Amounts in DKKm	United Kingdom 2017	Other 2017	Total 2017	United Kingdom 2016	Other 2016	Total 2016
Shares	1,999	1,099	3,098	2,519	1,242	3,761
Government bonds	6,114	484	6,598	4,903	487	5,390
Corporate bonds	3,556	441	3,997	3,097	430	3,527
Real estate	701	31	732	706	35	741
Other assets	3,358	583	3,941	3,528	345	3,873
Fair value at 31 December	**15,728**	**2,638**	**18,366**	**14,753**	**2,539**	**17,292**

Except for an insignificant portion, the plan assets held by the group are quoted investments.

Change in net liability Amounts in DKKm	Present value of obligations	Fair value of plan assets	Adjustments	Net liability	Of which: United Kingdom
Net liability at 1 January 2016	17,989	17,608	519	900	- 308
Current service cost, administration cost etc.	135	- 40	0	175	47
Calculated interest expense/income	605	599	0	6	- 20
Recognised in the income statement in 2016	**740**	**559**	**0**	**181**	**27**
Actuarial gains/losses from changes in financial and demographic assumptions, etc.	2,206	0	0	2,206	2,260
Return on plan assets, exclusive calculated interest income	0	1,675	0	- 1,675	- 1,628
Adjustment for unrecognised asset due to asset ceiling	0	0	256	256	256
Adjustment for minimum funding requirement	0	0	- 141	- 141	- 141
Recognised in other comprehensive income in 2016	**2,206**	**1,675**	**115**	**646**	**747**
Contributions from the group and employees	7	531	0	- 524	- 464
Benefit payments	- 1,049	- 807	0	- 242	0
Settlements	- 141	- 155	0	14	0
Exchange rate adjustment	- 2,029	- 2,119	- 61	29	27
Net liability at 31 December 2016	**17,723**	**17,292**	**573**	**1,004**	**29**

Note 12: Pensions and similar obligations - continued

Change in net liability

Amounts in DKKm	Present value of obliga-tions	Fair value of plan assets	Adjust-ments	Net liability	Of which: United Kingdom
Net liability at 1 January 2017	17,723	17,292	573	1,004	29
Current service cost, administration cost etc.	125	- 40	0	165	46
Calculated interest expense/income	489	475	0	14	- 7
Recognised in the income statement in 2017	**614**	**435**	**0**	**179**	**39**
Actuarial gains/losses from changes in financial and demographic assumptions, etc.	158	0	0	158	33
Return on plan assets, exclusive calculated interest income	0	- 1,003	0	- 1,003	- 805
Adjustment for unrecognised asset due to asset ceiling	0	0	- 73	- 73	- 73
Adjustment for minimum funding requirement	0	0	- 132	- 132	- 132
Recognised in other comprehensive income in 2017	**158**	**- 1,003**	**- 205**	**- 1,050**	**- 977**
Contributions from the group and employees	6	577	0	- 571	- 546
Benefit payments	- 1,005	- 881	0	- 124	0
Settlements	- 12	0	0	- 12	0
Effect of business combinations and disposals	1,359	757	0	602	19
Exchange rate adjustment	- 906	1,188	- 9	- 97	- 17
Net liability at 31 December 2017	**17,937**	**18,365**	**359**	**- 69**	**- 1,453**

Multi-employer plans

Under collective agreements, certain entities in the group participate together with other employers in defined benefit pension plans as well as welfare/medical plans (multi-employer plans).

For the *defined benefit pension plans*, the group has joint and several liabilities to fund total obligations. In 2017, the group's contributions are estimated at DKK 885m (DKK 947m) while the contributions to be paid in 2018 are estimated at DKK 956m. In general, the contributions to the schemes are based on man hours worked or cargo tonnage handled, or a combination hereof.

No reliable basis exists for allocation of the schemes' obligations and plan assets to individual employer participants. For the plans where the group has an interest and there is a deficit, the net obligations for all employers totalled DKK 6.8bn (DKK 13.2bn). This net obligation is based on the most recent available financial data from the plan's trustees, calculated in accordance with the rules for such actuarial calculation in US GAAP. The deficit in some of the schemes may necessitate increased contributions in the future.

The *welfare/medical plans* are by nature contribution plans funded on a pay-as-you-go basis. As for the defined benefit pension plans, the contributions are based on man-hours worked or cargo tonnage handled, or a combination hereof.

Note 13: Provisions

Amounts in DKKm	Abandon-ment	Restructur-ing	Legal dis-putes, etc.	Onerous and unfavoura-ble contracts	Other	Total
At 1 January 2017	21,080	864	7,495	0	4,621	34,060
Provision made	0	317	1,834	688	580	3,419
Amount used	- 1,003	- 530	- 991	- 898	- 304	- 3,726
Amount reversed	- 40	- 188	- 1,350	- 753	- 768	- 3,099
Addition from business combinations	0	0	1,545	2,093	66	3,704
Unwind of discount	403	0	- 40	0	7	370
Transfer	0	- 3	- 3	2,307	- 2,293	8
Transfer, assets held for sale	- 19,086	- 68	- 1,903	- 1,010	- 215	- 22,282
Exchange rate adjustment	- 1,354	- 51	- 834	- 278	- 199	- 2,716
At 31 December 2017	**0**	**341**	**5,753**	**2,149**	**1,495**	**9,738**
Of which:						
Classified as non-current	0	6	3,867	1,462	974	6,309
Classified as current	0	335	1,886	687	521	3,429
Non-current provisions expected to be realised after more than five years	0	0	112	0	509	621

Restructuring includes provisions for decided and publicly announced restructurings. Legal disputes, etc. include among other things tax, indirect tax and duty disputes.

Other includes provisions for warranties and risk under certain self-insurance programmes. The provisions are subject to considerable uncertainty, cf. note 24.

Reversals of provisions primarily relate to legal disputes and contractual disagreements, which are recognised in the income statement under operating costs and tax.

Note 14: Derivatives

Hedges comprise primarily currency derivatives and interest rate derivatives. Foreign exchange forwards and option contracts are used to hedge the currency risk related to recognised and unrecognised transactions. Interest rate and cross currency swaps are used to hedge interest rate exposure on borrowings. Price hedge derivatives are used to hedge crude oil prices and bunker prices.

Amounts in DKKm	2017	2016
Non-current receivables	1,614	95
Current receivables	724	1,134
Non-current liabilities	- 857	- 3,714
Current liabilities	- 810	- 3,784
Liabilities, net	**671**	**- 6,269**

Note 14: Derivatives - continued

The fair value of derivatives held at the balance sheet date can be allocated by type as follows:

Amounts in DKKm	Fair value, asset 2017	Fair value, liability 2017	Nominal amount of derivative 2017	Fair value, asset 2016	Fair value, liability 2016	Nominal amount of derivative 2016
Hedge of borrowings						
Cross currency swaps						
- EUR	1,490	99	3,515	71	2,547	3,614
- GBP	12	230	437	0	550	370
- JPY	43	87	200	35	120	192
- SEK	0	422	305	0	967	473
- NOK	37	254	693	0	614	674
Interest rate swaps						
- cash flow hedges	26	75	1,037	14	105	662
- fair value hedges	0	37	500	0	28	500
Total	**1,608**	**1,204**		**120**	**4,931**	
Hedge of operating cash flows and investments in foreign currencies						
Main currencies hedged						
- EUR	99	0	674	0	78	276
- GBP	68	0	480	7	176	513
- DKK	93	0	579	0	176	553
Other currencies	174	43	1,098	56	226	1,015
Total	**434**	**43**		**63**	**656**	

Held for trading Amounts in DKKm	Fair value 2017	Fair value 2016
Currency derivatives	- 99	- 914
Interest derivatives	0	21
Price hedge	- 25	28
Total at 31 December	**- 124**	**- 865**

The hedges are expected to be highly effective due to the nature of the economic relation between the exposure and hedge. The source of ineffectiveness is the credit risk of the hedging instruments. For hedges where cost of hedging is applied, the forward points and change in basis spread is recognised in other comprehensive income and transferred with the effective hedge when the hedged transaction occurs. The cost of hedging reserve amounts to DKK 43m.

For information about risk management strategy, currencies, maturities, etc. reference is made to note 16.

Hedge of borrowings

Cross currency swaps are used to swap all non-USD issued bonds. Fixed to floating rate swaps are designated as a combination of fair value and cash flow hedges. The principal amounts hereof are (USD equivalents): EUR 1,835m, GBP 95m, JPY 200m, SEK 171m and NOK 268m. The remaining swaps are fixed to fixed rate or floating to fixed rate swaps and are designated as cash flow hedges of currency and interest risk.

The hedge ratio is 1:1. The maturity of the hedge instruments 0-5 years are (USD equivalents): EUR 3,419m, GBP 32m, JPY 89m, SEK 305m and NOK 303m. 5-10 years: GBP 405m, JPY 111m and NOK 390m. Above 10 years: EUR 96m. Cross currency swaps are designated as a combination of hedge of principal cash flow and hedge of interests at a weighted average rate of 3.7%.

Interest rate swaps are all denominated in USD and pays either floating (fair value hedge) or fixed interest rates (cash flow hedge). The hedge ratio is 1:1 and the weighted average interest rate is 2.2%. The maturity of the interest rate swaps 0-5 years: DKK 2.7bn and 5-10 years DKK 6.8bn.

For cash flow hedges related to borrowings DKK 192m is recognised in other comprehensive income and the cash flow hedges reserve is DKK 192m. Reference is made to other comprehensive income.

The carrying amount of the borrowings in fair value hedge relation is DKK 19.0bn and the accumulated fair value adjustment of the loans is DKK 174m (negative). The loss on the hedging instrument in fair value hedges recognised in the income statement for the year amounts to DKK 218m (loss of DKK 141m) and the gain on hedged item amounts to DKK 218m (gain DKK 182m).

Note 14: Derivatives - continued

Hedge of operating cash flows and investments in foreign currencies

Currency derivatives hedge future revenue, operating costs and investments/divestments are recognised on an ongoing basis in the income statement and the cost of property, plant and equipment respectively.

Hedges of future revenue and operating costs matures within a year, while hedges of investments mature in 0-2 years.

For hedges related to operating cash flows and investment DKK 363m is recognised in other comprehensive income and the cash flow hedge reserve is DKK 363m.

Other economic hedges (no hedge accounting applied)

Furthermore, the group enters into derivatives to hedge economic risks that are not accounted for as hedging. These derivatives are accounted for as held for trading.

The gains/losses, including realised transactions, are recognised as follows:

Amounts in DKKm	2017	2016
Hedging foreign exchange risk on revenue	26	- 47
Hedging foreign exchange risk on operating costs	297	- 249
Hedging interest rate risk	- 363	- 464
Hedging foreign exchange risk on the cost of property, plant and equipment	- 26	26
Hedging foreign exchange risk on the cost of property, plant and equipment	785	- 221
Hedging foreign exchange risk on discontinued operations	- 548	- 787
Total effective hedging	**171**	**- 1,742**
Ineffectiveness recognised in financial expenses	- 6	- 33
Total reclassified from equity reserve for hedges	**165**	**- 1,775**
Derivatives accounted for as held for trading:		
Currency derivatives recognised directly in financial income/expenses	2,205	- 740
Interest rate derivatives recognised directly in financial income/expenses	- 244	- 155
Oil prices and freight rate derivatives recognised directly in other income/costs	- 132	- 120
Derivatives recognised in income statement for discontinued operations	- 40	- 155
Net gains/losses recognised directly in the income statement	**1,789**	**- 1,170**
Total	**1,954**	**- 2,945**

For information about currencies, maturities, etc., reference is made to note 15.

Note 15: Financial instruments by category

Amounts in DKKm	Carrying amount 2017	Fair value 2017	Carrying amount 2016	Fair value 2016
Carried at amortised cost				
Loans receivable	2,380	2,402	2,321	2,320
Finance lease receivables	173	180	220	220
Other interest-bearing receivables and deposits	386	385	649	650
Trade receivables	24,680		26,896	
Other receivables (non-interest-bearing)	7,030		10,315	
Cash and bank balances	15,234		29,058	
Financial assets at amortised cost	**49,883**		**69,459**	
Derivatives	**2,338**	**2,338**	**1,229**	**1,229**
Carried at fair value through profit/loss				
Bonds	106	106	417	417
Shares	103	103	182	182
Other securities	6	6	5	5
Financial assets at fair value through profit/loss	**215**	**215**	**604**	**604**
Carried at fair value through other comprehensive income				
Other equity investments (FVOCI)[1]	251	251	5,617	5,617
Financial assets at fair value through OCI	**251**	**251**	**5,617**	**5,617**
Total financial assets	**52,687**		**76,909**	
Carried at amortised cost				
Bank and other credit institutions	50,692	51,773	38,226	39,271
Finance lease liabilities	17,029	19,315	16,020	19,180
Issued bonds	48,435	49,779	57,124	58,164
Trade payables	33,152		34,581	
Other payables	8,306		9,706	
Financial liabilities at amortised cost	**157,614**		**155,657**	
Derivatives	**1,667**	**1,667**	**7,498**	**7,498**
Carried at fair value				
Other payables	43	43	46	46
Financial liabilities at fair value	**43**	**43**	**46**	**46**
Total financial liabilities	**159,324**		**163,201**	

[1] Designated at initial recognition in accordance with IFRS 9. Available-for-sale in 2016.

Note 15: Financial instruments by category - continued

Disposal of the remaining 19% share in Dansk Supermarked Group

As the Salling Companies in November were able to complete the final transaction from 2014, A.P. Møller - Mærsk A/S sold its remaining 19% share of Dansk Supermarked Group for DKK 5.5bn equivalent to USD 871m.

A.P. Moller Holding's share of the accumulated loss, DKK 338m has been transferred within equity. The loss can be attributed to the development in the DKK/USD exchange rate since initial recognition.

Equity Investments at fair value through other comprehensive income (FVOCI)

After disposal of the remaining 19% share in Dansk Supermarked Group, equity investments at fair value through other comprehensive income (FVOCI) comprise only a number of minor investments.

Financial instruments measured at fair value

Financial instruments measured at fair value can be divided into three levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Fair value of listed securities is within level 1 of the fair value hierarchy. Non-listed shares and other securities are within level 3 of the fair value hierarchy.

Fair value of derivatives is mainly within level 2 of the fair value hierarchy and is calculated on the basis of observable market data as of the end of the reporting period. A minor amount of crude oil price derivatives is within level 1 of the fair value hierarchy.

Fair value of level 3 assets and liabilities is primarily based on the present value of expected future cash flows. A reasonably possible change in the discount rate is not estimated to affect the Group's profit or equity significantly.

Financial instruments carried at amortised cost

Fair value of the short-term financial assets and other financial liabilities carried at amortised cost is not materially different from the carrying amount. In general, fair value is determined primarily based on the present value of expected future cash flows. Where a market price was available, however, this was deemed to be the fair value.

Fair value of listed issued bonds is within level 1 of the fair value hierarchy. Fair value of the remaining borrowing items is within level 2 of the fair value hierarchy and is calculated on the basis of discounted future cash flows.

Financial assets and liabilities measured at fair value at 31 December

Amounts in DKKm			2017
	Level 1	Level 2	Level 3
Financial assets			
Derivatives		2,338	
Securities	320		146
Financial assets at fair value at 31 December	**320**	**2,338**	**146**
Financial liabilities			
Derivatives		1,667	
Other payables			43
Financial liabilities at fair value at 31 December	**0**	**1,667**	**43**

Financial assets and liabilities measured at fair value at 31 December

Amounts in DKKm			2016
	Level 1	Level 2	Level 3
Financial assets			
Derivatives		1,229	
Securities	709		5,512
Financial assets at fair value at 31 December	**709**	**1,229**	**5,512**
Financial liabilities			
Derivatives		7,498	
Other payables			46
Financial liabilities at fair value at 31 December	**0**	**7,498**	**46**

Note 15: Financial instruments by category - continued

Movement during the year in level 3

Amounts in DKKm	Other equity Investments (FVOCI)	Total financial assets	Other payables	Total financial liabilities
Carrying amount at 1 January 2016	5,779	5,779	35	35
Addition	101	101	0	0
Disposal	- 691	- 691	0	0
Gains/losses recognised in the income statement	1	1	5	5
Gains/losses recognised in other comprehensive income	159	159	0	0
Exchange rate adjustment, etc.	163	163	6	6
Carrying amount at 31 December 2016	**5,512**	**5,512**	**46**	**46**
Addition	65	65	0	0
Disposal	- 5,790	- 5,790	0	0
Gains/losses recognised in the income statement	0	0	0	0
Gains/losses recognised in other comprehensive income	911	911	0	0
Transfer		0	0	0
Transfer, assets held for sale	- 205	- 205	0	0
Exchange rate adjustment, etc.	- 347	- 347	- 3	- 3
Carrying amount at 31 December 2017	**146**	**146**	**43**	**43**

In 2016, the valuation of the significant financial asset in level 3 was tested against a combination of valuation methodologies taking into account both the retail operations as well as the real estate portfolio owned by Dansk Supermarked Group. The valuation is assessed using both a discounted cash flow model with reference to selected listed peers and real estate yields. The discounted cash flow model relies on a discount rate of 6.5% reflecting a weighted average of an assumed discount rate for the retail business and an assumed yield for the real estate business as well as a long-term terminal growth rate of 2%.

Note 16: Financial risks, etc.

Risk management is most effectively managed de-centrally. Consequently, management in A.P. Moller Holding, A.P. Moller – Maersk, Maersk Tankers and A.P. Moller Capital respectively define their own risk management policies and procedures. As member of the Board of Directors of each affiliate, we monitor business performance in the affiliates closely.

The group's activities expose it to a variety of financial risks:

- Market risks, i.e. currency risk and interest rate risk
- Credit risk
- Liquidity risk

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the group's profit or the value of its holdings of financial instruments. Below sensitivity analyses relate to the position of financial instruments at 31 December 2017.

The sensitivity analyses for currency risk and interest rate risk have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies remain unchanged from hedge designations in place at 31 December 2017. Furthermore, it is assumed that the exchange rate and interest rate sensitivities have a symmetric impact, i.e. an increase in rates results in the same absolute movement as a decrease in rates.

The sensitivity analyses show the effect on profit or loss and equity of a reasonably possible change in exchange rates and interest rates.

Note 16: Financial risks, etc. - continued

Currency risk

The group's currency risk relates to the fact that while income from shipping and oil-related activities is denominated mainly in USD, the related expenses are incurred in both USD and a wide range of other currencies such as EUR, NOK, GBP, SEK, SGD and DKK. As the net income is in USD, this is also the primary financing currency. Income and expenses from other activities are mainly denominated in local currencies, thus reducing the group's exposure to these currencies.

The main purpose of hedging the group's currency risk is to hedge the USD value of the group's net cash flow and reduce fluctuations in the group's profit. The group uses various financial derivatives, including forwards, option contracts and cross-currency swaps, to hedge these risks. The key aspects of the currency hedging policy are as follows:

- Net cash flows in other significant currencies than USD are hedged using a layered model with a 12-month horizon;
- Significant capital commitments or divestments in other currencies than USD are hedged;
- Most non-USD debt is hedged, however, depending on the asset-liability match and the currency of the generated cash flow.

An increase in the USD exchange rate of 10% against all other significant currencies to which the group is exposed is estimated to have a positive impact on the group's profit before tax by DKK 1.3bn (DKK 0.7bn) and to affect the group's equity, excluding tax, positively by USD 0.0bn (negatively by DKK 0.7bn). The sensitivities are based only on the impact of financial instruments that are outstanding at the balance sheet date, cf. notes 15 and 16, and are thus not an expression of the group's total currency risk.

Interest rate risk

The group has most of its debt denominated in USD, but part of the debt (e.g. issued bonds) is in other currencies such as EUR, NOK, GBP, SEK and JPY.

The group strives to maintain a combination of fixed and floating interest rates on its net debt, reflecting expectations and risks. The hedging of the interest rate risk is governed by a duration range and is primarily obtained through the use of interest rate swaps. The duration of the group's debt portfolio is 1.8 years (2.2 years). A general increase in interest rates by one percentage point is estimated, all other things being equal, to affect profit before tax and equity, excluding tax effect, negatively by approximately DKK 317m and DKK 264m, respectively (positively by approximately DKK 7m and DKK 229m, respectively).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Note 16: Financial risks, etc. - continued

Borrowings by interest rate levels inclusive of interest rate swaps

Amounts in DKKm	Carrying amount	Next interest rate fixing 0-1 year	1-5 years	5- years
2017				
0-3%	45,398	31,242	10,967	3,189
3-6%	63,172	28,056	23,703	11,413
6%-	7,586	194	1,334	6,058
Total	**116,156**	**59,492**	**36,004**	**20,660**
Of which:				
Bearing fixed interest	52,335			
Bearing floating interest	63,821			
2016				
0-3%	59,961	41,522	11,207	7,232
3-6%	40,346	18,370	8,157	13,819
6%-	11,063	709	2,928	7,426
Total	**111,370**	**60,601**	**22,292**	**28,477**
Of which:				
Bearing fixed interest	51,941			
Bearing floating interest	59,429			

Credit risk

Trade receivables

The group has exposure to financial and commercial counterparties but has no particular concentration of customers or suppliers. To minimise the credit risk, financial vetting is undertaken for all major customers and financial institutions, adequate security is required for commercial counterparties, and credit limits are set for financial institutions and key commercial counterparties.

The group applies the simplified approach to providing the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In accordance with IFRS 9, also non-due trade receivables have been impaired.

Maturity analysis of trade receivables

Amounts in DKKm	2017	2016
Receivables not due	15,107	17,837
Less than 90 days overdue	8,332	7,611
91-365 days overdue	1,860	3,419
More than 1 year overdue	1,101	0
Receivables, gross	**26,400**	**28,867**
Provision for bad debt	- 1,720	- 1,971
Carrying amount at 31 December	**24,680**	**26,896**

The loss allowance provision for trade receivables as at 31 December 2017 reconciles to the opening loss allowance as follows:

Amounts in DKKm	2017	2016
Provision at 1 January	1,971	2,057
Provision made	1,329	1,118
Amount used	- 726	- 847
Amount reversed	- 435	- 427
Transfer, assets held for sale	- 165	0
Exchange rate adjustment	- 254	70
Provision at 31 December	**1,720**	**1,971**

Approximately 64% (63%) of the provision for bad debt is related to trade receivables overdue by more than one year.

Note 16: Financial risks, etc. - continued

Other financial assets at amortised cost

Other financial assets at amortised cost comprise loans receivable, finance lease receivables and other receivables. All of these financial assets are considered to have low credit risk and thus the impairment provision calculated basis of 12 month expected losses is considered immaterial. The financial assets are considered to be low risk when they have low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Liquidity risk

The group's objective is to maintain a liquidity profile in line with an investment grade credit rating. Capital is managed for the group as a whole. The equity share of total equity and liabilities was 52.7% at the end of 2017 (55.2%).

Amounts in DKKm	2017	2016
Borrowings	116,156	111,370
Net interest-bearing debt	100,369	78,700
Liquidity reserve[1]	68,412	83,880

[1] Liquidity reserve is defined as undrawn committed revolving facilities with more than one year to expiry, securities and cash and bank balances, excluding securities and balances in countries with exchange control or other restrictions.

In addition to the liquidity reserve, the group has DKK 25.4bn undrawn committed loans which are dedicated to financing of specific assets, part of which will therefore only become available at certain times in the future.

Based on the liquidity reserve, loans for the financing of specific assets, the maturity of outstanding loans, and the current investment profile, the group's financial resources are deemed satisfactory.

The average term to maturity of loan facilities in the group was about four years (about five years at 31 December 2016).

It is of great importance for the group to maintain a financial reserve to cover the group's obligations and investment opportunities and to provide the capital necessary to offset changes in the group's liquidity due to changes in the cash flow from operating activities.

The flexibility of the financial reserve is subject to ongoing prioritisation and optimisation, among other things, by focusing on release of capital and following up on the development in working capital.

Maturities of liabilities and commitments

		Cash flows including interest			
Amounts in DKKm	Carrying amount	0-1 year	1-5 years	5- years	Total
2017					
Bank and other credit institutions	50,692	17,226	32,182	6,688	56,096
Finance lease liabilities	17,028	3,619	11,271	6,703	21,593
Issued bonds	48,435	3,153	37,451	13,754	54,358
Trade payables	33,152	33,152	0	0	33,152
Other payables	8,347	7,703	410	37	8,150
Non-derivative financial liabilities	**157,654**	**64,853**	**81,314**	**27,182**	**173,349**
Derivatives	1,667	794	534	323	1,651
Total recognised in balance sheet	**159,321**	**65,647**	**81,848**	**27,505**	**175,000**
Operating lease commitments[1]		12,648	28,076	36,328	77,052
Capital commitments[1]		14,308	4,166	6,955	25,429
Total		**92,603**	**114,090**	**70,788**	**277,481**
2016					
Bank and other credit institutions	38,226	11,042	22,059	8,059	41,160
Finance lease liabilities	16,020	2,307	8,829	10,735	21,871
Issued bonds	57,124	7,261	37,756	20,024	65,041
Trade payables	34,581	34,581	0	0	34,581
Other payables	9,752	9,519	113	120	9,752
Non-derivative financial liabilities	**155,703**	**64,710**	**68,757**	**38,938**	**172,405**
Derivatives	7,498	3,784	2,886	828	7,498
Total recognised in balance sheet	**163,201**	**68,494**	**71,643**	**39,766**	**179,903**
Operating lease commitments[1]		11,389	22,069	38,063	71,521
Capital commitments[1]		36,406	19,842	7,859	64,107
Total		**116,289**	**113,554**	**85,688**	**315,531**

[1] Related to continuing operations.

Note 17: Commitments

Operating lease commitments

As part of the group's activities, customary agreements are entered into regarding charter and operating leases of ships, containers, port facilities, etc. The future charter and operating lease payments are:

Amounts in DKKm	A.P. Moller – Maersk[1]	Maersk Tankers	Other	Total
2017				
Within one year	12,103	544	1	12,648
Between one and two years	8,881	81	1	8,963
Between two and three years	7,585	53	0	7,638
Between three and four years	6,325	0	0	6,325
Between four and five years	5,115	36	0	5,151
After five years	36,327	0	0	36,327
Total	**76,336**	**714**	**2**	**77,052**
Net present value[2]	54,532	664	1	55,197
2016				
Within one year	9,884	0	0	9,884
Between one and two years	6,702	709	0	7,411
Between two and three years	5,842	353	0	6,195
Between three and four years	4,924	79	0	5,003
Between four and five years	3,647	54	0	3,701
After five years	37,710	24	0	37,734
Total	**68,709**	**1,219**	**0**	**69,928**
Net present value[2]	46,591	1,143	0	47,734

1. DKK 14.3bn of the increase in the operating lease commitments for A.P. Moller - Maersk is due to the acquisition of Hamburg Süd in 2017.
2. The net present value has been calculated using a discount rate of 6% (6%).

Capital commitments

Amounts in DKKm	A.P. Moller - Maersk	Maersk Tankers	Total
2017			
Capital commitments relating to acquisition of non-current assets	14,362	1,510	15,872
Commitments towards concession grantors	9,557	0	9,557
Total capital commitments	**23,919**	**1,510**	**25,429**
2016			
Capital commitments relating to acquisition of non-current assets	27,416	2,035	29,451
Commitments towards concession grantors	10,470	0	10,470
Total capital commitments	**37,886**	**2,035**	**39,921**

The decrease in capital commitments is primarily related to contractual payments during 2017.

Note 17: Commitments - continued

Newbuilding programme	2018	2019	No. Total
Container vessels	17	3	20
Tanker vessels	7	2	9
Tugboats	9	0	9
Total	**33**	**5**	**38**

Capital commitments relating to the newbuilding programme	2018	2019	DKKm Total
Container vessels	7,858	1,831	9,689
Tanker vessels	1,204	306	1,510
Tugboats	266	0	266
Total	**9,328**	**2,137**	**11,465**

DKK 11.5bn of the total capital commitments are related to the newbuilding programme for ships, rigs, etc. at a total contract price of DKK 13.7bn including owner-furnished equipment. The remaining capital commitments of DKK 14.0bn relate to investments mainly within APM Terminals.

The capital commitments will be financed by cash flow from operating activities as well as existing and new loan facilities.

Note 18: Contingent liabilities, pledges, etc.

Contingent liabilities

Except for customary agreements within the group's activities, no material agreements have been entered into that will take effect, change or expire upon changes of the control over the company.

The necessary facility of DKK 1.3bn (DKK 1.1bn) has been established in order to meet the requirements for using US waters under the American Oil Pollution Act of 1990 (Certificate of Financial Responsibility).

Custom Bonds of DKK 2.7bn (DKK 2.7bn) have been provided to various port authorities in India.

A.P. Moller - Maersk has entered into certain agreements with terminals and port authorities, etc. containing volume commitments including an extra payment in case minimum volumes are not met.

The group is involved in a number of legal disputes. The group is also involved in tax disputes in certain countries. Some of these involve significant amounts and are subject to considerable uncertainty.

Tax may crystallise if the companies leave the tonnage tax regimes and on repatriation of dividends.

Pledges

Ships, buildings, etc. with a carrying amount of DKK 23.1bn (DKK 27.9bn) have been pledged as security for loans in the amount of DKK 14.9bn (DKK 16.2bn).

Fixed asset investments with a carrying amount of DKK 15.5bn (DKK 30.8bn) have been placed as pledge for the Company's debt to banks, DKK 5.0bn (DKK 3.2bn).

Note 19: Cash flow specifications

Amounts in DKKm	2017	2016
Change in working capital		
Inventories	- 1,610	- 637
Trade receivables	- 3,234	- 2,476
Other receivables and prepayments	- 237	- 420
Trade payables and other payables	2,742	976
Exchange rate adjustment of working capital	111	- 113
Total	**- 2,228**	**- 2,670**
Purchase of intangible assets and property, plant and equipment		
Addition	- 25,672	- 21,926
Of which finance leases, etc.	1,136	6,371
Of which borrowing costs capitalised on assets	429	354
Changes in trade payables, non-current assets	- 197	219
Change in abandonment	0	- 1
Total	**- 24,304**	**- 14,983**
Financial investments		
Addition, joint ventures	- 144	- 183
Addition, associated companies	0	- 502
Disposal, associated companies	2,359	4,142
Addition, assets held for sale	- 10	- 3
Disposal, assets held for sale	5,749	713
Addition, receivables	- 1,586	2,464
Payments regarding receivables	- 975	- 1,020
Total	**5,393**	**5,611**

Other non-cash items related primarily to adjustment of provision for bad debt regarding trade receivables.

Note 20: Acquisition/sale of subsidiaries and activities

Cash flow used for acquisitions in 2017

Amounts in DKKm	Hamburg Süd	Other	Total
Fair value at time of acquisition			
Intangible assets[1]	7,546	0	7,546
Property, plant and equipment[2]	25,536	0	25,536
Financial assets	1,334	0	1,334
Deferred tax assets	125	0	125
Current assets[3]	6,886	0	6,886
Provisions[4]	- 3,704	0	- 3,704
Liabilities[5]	- 11,560	0	- 11,560
Net assets acquired	**26,163**	**0**	**26,163**
Non-controlling interests	0	0	0
A.P. Møller Holding A/S' share	**26,163**	**0**	**26,163**
Goodwill	2,561	0	2,561
Purchase price[6]	**28,724**	**0**	**28,724**
Contingent consideration paid	7	0	7
Cash and bank balances assumed	- 1,320	0	- 1,320
Cash flow used for acquisition of subsidiaries and activities	**27,411**	**0**	**27,411**

1. Intangible assets consist mainly of customer relations and brand name rights.
2. Property, plant and equipment consist mainly of container vessels and containers.
3. Currents assets consist mainly of trade and other receivables.
4. Of which DKK 2.1bn relate to unfavourable lease contracts where DKK 1.5bn are reported as non-current provisions and DKK 0.5bn as current provisions. Furthermore, DKK 1.5bn relate to tax provisions, where an indemnification asset of DKK 1.0bn is recognised as a financial asset.
5. Non-current liabilities consist mainly of financial lease obligations, borrowings and other payables whereas current liabilities consist mainly of trade payables.
6. The purchase price of USD 4.4bn (approx. DKK 28.7bn) includes a positive hedge effect of DKK 0.8bn.

Acquisitions during 2017

Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG (Hamburg Süd)

As of 1 December 2017, the A.P. Moller – Maersk acquired 100% of the shares in Hamburg Süd including partnership shares in asset owning companies (SPCs) owning vessels, newbuild contracts and containers connected hereto. Hamburg Süd is included in the consolidated financial reporting from 1 December 2017.

Note 20: Acquisition/sale of subsidiaries and activities - continued

The goodwill of DKK 2.6bn is primarily attributable to network synergies between Maersk Line and Hamburg Süd including its Brazilian subsidiary Aliança and is not deductible for tax purposes.

From the acquisition date to 31 December 2017, Hamburg Süd Group contributed with a revenue of DKK 3.3bn while the result was immaterial. If the acquisition had occurred on 1 January 2017, the impact on group's revenue would have been DKK 35.7bn (pro forma), while the result would have increased by DKK 0.7bn.

For 2017, the acquisition and integration costs amounted to DKK 0.4bn.

The accounting for the business combination is considered provisional at 31 December 2017 as the acquisition was only completed on 1 December 2017.

Estimates and judgements

Fair value measurement

When applying the acquisition method of accounting, fair value assessments are made for identifiable assets acquired and liabilities assumed. Determining fair values at the date of acquisition, by nature entails management to apply estimates. Significant estimates are particularly applied in the valuation of vessels, containers, customer relationships, brands, finance lease obligations and unfavourable contracts.

The inherent uncertainties in the fair value estimates may result in measurement adjustments in the 12 months following closing of the transaction. Goodwill has been assessed as recoverable at 31 December 2017.

Acquired material net assets for which significant accounting estimates have been applied are recognized using the following valuation techniques:

Intangible assets

Customer relationships have been measured using the excess earnings method, in which the present value of future cash flows from recurring customers expected to be retained after the date of acquisition is valued. The main input value drivers are estimated future retention rates and net cash flows of the acquired customer base. These have been estimated based on management's analysis of the acquired customer base, historical data and general business insights. The useful life of customer relationships is estimated at 15 years.

The fair value of *brands* has been measured using the relief from royalty method, in which management, based on an analysis has assessed a royalty rate which an independent third party would charge for the use of the brands. Besides the royalty rate, the main input value driver is estimated future revenue. The useful life of brands is estimated at 20 years.

The valuation of intangible assets reflects a market participants view applying a discount rate of 9-10%.

Property, plant and equipment

Fair value of vessels and containers is measured using the market comparison method based on internally prepared valuations compared with external valuations.

Financial lease obligations

The fair value of financial lease obligations has been measured using a discounted cash flow model in which present value of the obligations has been determined based on the contractual future lease payments and a calculated borrowing rate.

Unfavourable contracts

The fair value of unfavourable contracts is measured using the market comparison method based on the actual market rates for similar contracts.

Note 20: Acquisition/sale of subsidiaries and activities - continued

Cash flow used for acquisitions in 2016

Amounts in DKKm	Grup Maritim TCB S.L.	Other	Total
Fair value at time of acquisition			
Intangible assets[1]	5,562	363	5,925
Property, plant and equipment	2,879	0	2,879
Financial assets	404	0	404
Deferred tax assets	40	0	40
Current assets	1,500	263	1,763
Provisions	- 34	0	- 34
Liabilities[2]	- 5,475	- 128	- 5,603
Net assets acquired	**4,876**	**498**	**5,374**
Non-controlling interests[3]	- 955	- 249	- 1,204
A.P. Møller Holding A/S' share	**3,921**	**249**	**4,170**
Goodwill	1,668	0	1,668
Purchase price	**5,589**	**249**	**5,838**
Contingent consideration assumed	0	- 13	- 13
Contingent consideration paid	0	7	7
Cash and bank balances assumed	- 807	- 263	- 1,070
Cash flow used for acquisition of subsidiaries and activities	**4,782**	**- 20**	**4,762**

1 Intangible assets consist mainly of terminal rights.
2 Liabilities acquired consist mainly of borrowings.
3 Non-controlling interest relates to companies owned less than 100% by Grup Maritim TCB S.L. and it is measured at the non-controlling interest's proportionat share of the acquirees' identifiable net assets.

Acquisitions during 2016

Grup Marítim TCB S.L.

On 8 March 2016, A.P. Moller – Maersk acquired 100% of the shares in Grup Maritim TCB, which owns eight terminals in the Mediterranean and Latin America. The acquisition of two additional operating facilities in the Canary Islands and one in Izmir, Turkey (representing less than 5% of the total transaction by value) did not receive regulatory approval up to 8 March 2016, and is thus excluded from the current business combination. Taking control of Grup Marítim TCB has expanded the A.P. Moller - Maersk's position in Spain and will accelerate its growth in Latin America.

The total enterprise value of DKK 8.4bn consisted of the total purchase price of DKK 5.6bn and acquired net interest bearing debt of DKK 2.8bn. Adjustments to the provisional amounts were made since the acquisition date including the allocation of goodwill of DKK 1.7bn.

The goodwill of DKK 1.7bn is attributable to network synergies between APM Terminals and Grup Marítim TCB S.L. in Latin America and on the Iberian Peninsula and is not deductible for tax purposes. From the acquisition date to 31 December 2016, Grup Marítim TCB S.L. contributed with revenue of DKK 1.8bn. If the acquisition had occurred on 1 January 2016, the impact on the group's revenue would have been DKK 2.1bn. The result contributed to the group is minor. The accounting for the business combination was considered provisional at 31 December 2016 due to certain contingencies, indemnities, etc.

Cash flow from sale

Amounts in DKKm	2017	2016
Carrying amount		
Property, plant and equipment	1,175	0
Financial assets	132	0
Deferred tax assets	343	0
Current assets	944	0
Provisions	- 53	0
Liabilities	- 969	0
Net assets sold	**1,572**	**0**
Non-controlling interests	- 172	0
A.P. Møller Holding A/S' share	**1,400**	**0**
Gain/loss on sale[1]	924	94
Proceeds from sale	**2,324**	**94**
Change in receivable proceeds, etc.	264	0
Non-cash items	- 205	0
Cash and bank balances sold	- 310	0
Cash flow from sale of subsidiaries and activities	**2,073**	**94**

1. Excluding accumulated exchange rate gain/loss previously recognised in equity.

Sales during 2017

In continuing operations, sales during 2017 primarily comprise of Mercosul Line triggered by the Hamburg Süd acquisition, Pentalver in the UK, Dalian terminal in China and Zeebrugge terminal in Belgium. The sale of discontinued operations is disclosed in note 9.

Sales during 2016

No material sales of subsidiaries or activities were undertaken in 2016.

Non-current assets sold include assets that were previously classified as assets available-for-sale.

Note 21: Related parties

	Associated companies		Joint ventures		Management[1]	
Amounts in DKKm	2017	2016	2017	2016	2017	2016
Income statement						
Revenue	191	108	667	531		
Operating costs[2]	2,020	1,885	4,852	5,159	79	87
Remuneration to management					17	5
Financial income	109	120				
Financial expenses	6	2				
Other costs			7	0		
Assets						
Other receivables, non-current			888	854		
Trade receivables	43	395	248	240		
Cash and bank balances	1,385	275	540	360		
Liabilities						
Guarantees etc.	524	681				
Issued bank guarantees	615	758				
Credit institutions including loan commitments	10,310	7,318	149	162		
Trade payables	248	275	776	607	0	7
Other payables	0	925				
Dividends	2,141	2,088	1,036	1,076		

1 The Board of Directors and the Executive Board in A.P. Møller Holding A/S and their close relatives (including undertakings under their significant influence). Trade receivables and payables include customary business related accounts in connection with shipping activities.

2 In 2017, Operating costs regarding Management includes commission and commercial receivables to Maersk Broker K/S from chartering as well as purchase and sale of ships.

Dividends distributed to A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal are not included.

Note 22: Events after the balance sheet date

In the beginning of March 2018, The Danish Energy Agency issued its approval of A.P. Moller – Maersk's sale of Mærsk Olie & Gas A/S to global oil major Total S.A., including the conditions for such a transfer. The closing of the transaction took place on 7 March 2018.

In April 2018, 30% of Maersk Product Tankers A/S was sold to Mitsui & Co. Ltd.

No other events of importance to the Annual Report have occurred during the period from the balance sheet date until the presentation of the financial statements.

Note 23: Accounting policies

Basis of preparation

The consolidated financial statements for 2017 for A.P. Møller Holding A/S have been prepared on a going concern basis and in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further Danish disclosure requirements for large enterprises in class C. The consolidated financial statements are also in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

The accounting policies are consistent with those applied in the consolidated financial statements for 2016 except for the below areas.

Changes to accounting policies

The group has decided to adopt IFRS 9 from 1 January 2017.

The implementation of IFRS 9 has not affected the classification and measurement of the group's financial instruments, and the new standard does not fundamentally change the hedging relationships.

The 19% shareholding in Dansk Supermarked Group has been classified as fair value through other comprehensive income. The accumulated loss recognised in other comprehensive income will, as a consequence, remain in equity, as will value adjustments related to this investment following this date.

Some equity investments previously classified as assets available for sale have also been classified as fair value through other comprehensive income. The accumulated amount recognised in other comprehensive income for these equity investments is not material. Other equity instruments have been classified as fair value through the income statement. The effect of this reclassification is also immaterial.

The effect of the change from the "incurred loss" model in IAS 39 to the "expected credit loss" model in IFRS 9 is considered immaterial due to the low credit risk in the group, but the "expected credit loss" model has affected the associated company, Danske Bank, see below.

Due to immaterial effects from implementing IFRS 9, the 2016 financial statements have not been restated. The effects as of end of 2016 have been recognised at 1 January 2017.

The associated company Danske Bank has not yet implemented IFRS 9. Due to the group's implementation of IFRS 9 in the financial statement for 2017, the effect of IFRS 9 in the financial statement of Danske Bank, has therefore been estimated as the associated company is recognised under the equity method. The estimated effect of IFRS 9 in the associated company is the following:

- In accordance with the transition requirements of IFRS 9, comparative figures are not restated as retrospective application of the impairment requirements is not possible without the use of hindsight.
- The impact of the reclassification between amortised cost and fair value of certain debt instruments due to the implementation of IFRS 9 has been considered. All reclassifications relate to the reclassification from amortised cost to fair value. The "Impact of the remeasurement" is estimated to insignificant and includes only remeasurement to fair value, i.e. it excludes the impact from the expected credit loss impairment model.
- After the implementation of IFRS 9, the allowance account will increase as expected credit losses are to be recognised for all financial assets at amortised cost. Impairments will be made for at least 12 months' expected credit losses and the portfolio of financial assets for which lifetime expected credit losses are recognised will increase. Currently, impairments are made only for incurred losses. The measurement of the credit risk of loans recognised at fair value will continue to be based on the same approach as that used for impairment of loans at amortised cost. Hence, the fair value of the credit risk on loans at fair value will, from 2018, be based on the expected credit loss approach of IFRS 9 with some adjustments made to reflect the measurement basis being fair value instead of amortised cost. The allowance account has been estimated to increase by approximately DKK 2.5bn, including the impact on loans at fair value of approximately DKK 0.4bn. The total impact on shareholders' equity, net of tax, of the implementation of IFRS 9 is expected to be approximately DKK 2.0bn.
- The implementation of IFRS 9 in the associated company therefore effects the carrying amount of the associated company in the Consolidated Financial Statement of A.P. Møller Holding A/S as of 1 of January 2017 with DKK 0.4bn and the equity negative with DKK 0.4bn.

Note 23: Accounting policies - continued

A number of other changes to accounting standards became effective 1 January 2017. Those relevant to the group are “Recognition of Deferred Tax Assets for Unrealised Losses” (amendments to IAS 12) and “Disclosure initiative” (amendments to IAS 7). The amendments encompass various guidance and clarifications, which only affects disclosures.

In addition, “Annual improvements to IFRSs 2012-2014 cycle” became effective 1 January 2017, but has not been endorsed by the EU. The amendments encompass various guidance and clarifications, which would have had no material effect on the financial statements if endorsed by the EU.

New financial reporting requirements in 2018 or later
The following new accounting standards are relevant for the group for the years commencing from 1 January 2018 or later. The group has not yet adopted the following standards:

- IFRS 15 Revenue from contracts with customers
- IFRS 16 Leases

IFRS 15 is effective from 1 January 2018 and IFRS 16 is effective from 1 January 2019, and both are endorsed by the EU.

The group has, in all material aspects, concluded analyses of the impending charges resulting from IFRS 15 and IFRS 16. The key findings are explained below.

IFRS 15 Revenue from contracts from customers
The group’s current practice for recognising revenue has shown to comply, in all material aspects with the concepts and principles encompassed by the new standard. The following change has been identified, which in our view deviates from current industry practices.

In tanker shipping, revenue in accordance with IAS 18 is recognised by the stage of completion from discharge-to-discharge. According to IFRS 15, revenue shall be recognised on transfer of control, which is deemed to occur over time from load-to-discharge. The change will result in a shift in timing for when recognition of revenue from a contract commences. In return, costs incurred in positioning of the tanker to the load port are capitalised as contract costs and amortised as revenue is recognised. The change does not have a material impact on the financial position or performance of the group.

Accordingly, the impact on the consolidated financial statement is considered immaterial.

In the associated company, Danske Bank, applying IFRS 15 will have no effect on the retained earnings or opening balance at 1 January 2018. Most of the associated company’s revenue, including net interest income, is not impacted by the implementation of IFRS 15. The associated company’s current accounting for revenue from contracts with customers complies with the new accounting policy after IFRS 15 is implemented.

IFRS 16 Leases
The new requirement in IFRS 16 to recognise a right-of-use asset and a related lease liability is expected to have a material impact on the amounts recognised in the consolidated financial statements.

The group will adopt IFRS 16 on 1 January 2019, applying the following main transition options:

- No reassessment of lease definition compared to the existing IAS 17 and IFRIC 4
- Application of the simplified approach with no restatement of comparative figures for prior periods

As at 31 December 2017, the group has non-cancellable operating lease commitments for continuing operations of DKK 74bn on an undiscounted basis and including payments for service components and variable lease payments which will be recognised under IFRS 16 as an expense in the income statement, on a straight-line basis.

A preliminary assessment of the potential impact on the consolidated financial statements of implementing IFRS 16 shows that a lease liability in the range of DKK 37-50bn has to be recognized. This preliminary assessment is based on a number of estimates and assumptions which by nature are subject to significant uncertainty. The actual impact of applying IFRS 16 at 1 January 2019 will, among other factors, depend on future economic conditions – including the composition of the lease portfolio at that date as well as the level of time charter rates, incremental borrowing rates, etc.

The associated company Danske Bank, measured under the equity method in the consolidated financial statement, is currently assessing the impact from IFRS 16 on the associated company’s financial statements. It is not yet possible to give an estimate of the effect on the financial statements of the changes to the accounting treatment where the associated company acts as lessee. However, no significant impact on shareholders’ equity is expected.

Note 23: Accounting policies - continued

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts. IFRS 17 replaces IFRS 4, Insurance Contracts. IFRS 17 is a comprehensive standard with principles for, for example, the measurement of insurance contracts at a current (fulfilment) value in the balance sheet, the recognition of insurance contract revenue in the income statement and the presentation of information on the performance in relation to insurance contracts. IFRS 17, which is yet to be adopted by the EU, will be effective from 1 January 2021.

The standard will have no effect on the group, but may have significant impact on the financial statements of the associated company, Danske Bank, due to the new principles for calculating insurance provisions and for the presentation in the income statement and balance sheet. Danske Bank has initiated an analysis to map the effect on the financial statements.

Consolidation

The consolidated financial statements comprise the parent company A.P. Møller Holding A/S, its subsidiaries and proportionate shares in joint arrangements classified as joint operations.

Subsidiaries are entities controlled by A.P. Møller Holding A/S. Control is based on the power to direct the relevant activities of an entity and the exposure, or right, to variable returns arising from it. In that connection, relevant activities are those that significantly affect the investee's returns. Control is usually achieved by directly or indirectly owning or in other ways controlling more than 50% of the voting rights or by other rights, such as agreements on management control.

Joint arrangements are entities in which the group, according to contractual agreements with one or more other parties, has joint control. The arrangements are classified as joint ventures, if the contracting parties' rights are limited to net assets in the separate legal entities, and as joint operations, if the parties have direct and unlimited rights to the assets and obligations for the liabilities of the arrangement.

Entities in which the group exercises a significant but non-controlling influence are considered associated companies. A significant influence is usually achieved by directly or indirectly owning or controlling 20-50% of the voting rights. Agreements and other circumstances are considered when assessing the degree of influence.

Consolidation is performed by summarising the financial statements of the parent company and its subsidiaries, including the proportionate share of joint operations, part-owned vessels and pool arrangements, which have been prepared in accordance with A.P. Møller Holding A/S's accounting policies. Intra-group income and expenses, shareholdings, dividends, intra-group balances and gains on intra-group transactions are eliminated. Unrealised gains on transactions with associated companies and joint arrangements are eliminated in proportion to the group's ownership share. Unrealised losses are eliminated in the same way, unless they indicate impairment.

Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries is included as part of the group's profit and equity respectively, but shown as separate items.

Foreign currency translation

The consolidated financial statements are presented in DKK. The functional currency of the parent company is USD. In the translation to the presentation currency for the parent, subsidiaries, associates or joint arrangements with functional currencies other than DKK, the total comprehensive income is translated into DKK at average exchange rates and the balance sheet is translated at the exchange rates as at the balance sheet date. Exchange rate differences arising from such translations are recognised directly in other comprehensive income and in a separate reserve of equity.

The functional currency varies from business area to business area. For A.P. Møller Holding A/S and its subsidiaries' principal shipping activities, the functional currency is typically USD. This means, among other things, that the carrying amounts of property, plant and equipment and intangible assets and, hence, depreciation and amortisation are maintained in USD from the date of acquisition. For other activities, including container terminal activities and land based container activities, the functional currency is generally the local currency of the country in which such activities are performed, unless circumstances suggest a different currency is appropriate. The functional currency of oil and oil related businesses within discontinued operations is USD.

Transactions in currencies other than the functional currency are translated at the exchange rate prevailing at the date of the transaction. Monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rate as at the balance sheet date. Foreign exchange gains and losses are included in the income statement as financial income or expenses.

Note 23: Accounting policies - continued

Income Statement

Revenue
Revenue from sale of goods is recognised upon the transfer of risk to the buyer.

Revenue from shipping activities is recognised as the service is provided, including a share of revenue from incomplete voyages at the balance sheet date. Invoiced revenue related to an estimated proportion of remaining voyage time and activities at the destination port is deferred. Detention and demurrage fees are recognised at the time of customers' late return or pick-up of containers. Revenue is recognised net of volume discounts and rebates.

Revenue from terminal operations, freight forwarding activities and towing activities is recognised upon completion of the service. In container terminals operated under certain restrictive terms of pricing and service, etc., the value of tangible assets constructed on behalf of the concession grantor is recognised as revenue during the construction.

Lease income from operating leases is recognised over the lease term.

Share of profit/loss in associated companies and joint ventures
Share of profit/loss in associated companies and joint ventures is recognised net of tax and corrected for the share of unrealised intra-group gains and losses. The item also comprises any impairment losses for such investments and their reversal.

Tax
Tax comprises an estimate of current and deferred income tax as well as adjustments to previous years. Income tax is tax on taxable profits and consists of corporation tax, withholding tax of dividends, etc. In addition, tax comprises tonnage tax. Tonnage tax is classified as tax when creditable in, or paid in lieu of, income tax.

Tax is recognised in the income statement to the extent it arises from items recognised in the income statement, including tax of gains on intra-group transactions that have been eliminated in the consolidation.

Statement of comprehensive income
Other comprehensive income consists of income and costs not recognised in the income statement, including exchange rate adjustments arising from the translation from functional currency to presentation currency, fair value adjustments of other equity investments (at FVOCI), cash flow hedges, forward points and currency basis spread as well as actuarial gains/losses on defined benefit plans, etc. The group's share of other comprehensive income in associated companies and joint ventures is also included.

Upon disposal or discontinuation of an entity, the group's share of the accumulated exchange rate adjustment relating to the relevant entity with a non-DKK functional currency is reclassified to the income statement. Accumulated value adjustments of equity instruments classified as equity instruments at fair value through other comprehensive income will remain in equity upon disposal.

Other comprehensive income includes current and deferred income tax to the extent the items recognised in other comprehensive income are taxable or deductible.

BALANCE SHEET

Intangible assets
Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets. Intangible assets in connection with acquired customer relations and brand names are amortised over a useful life of 15 and 20 years respectively. IT software is amortised over a useful life of 3-5 years.

For container terminals operated under certain restrictive price and service conditions, etc., concessional rights to collect usage charges are included under intangible assets. The cost includes the present value of minimum payments under concession agreements and the cost of property, plant and equipment constructed on behalf of a grantor of a concession. The rights are amortised from the commencement of operations over the concession period.

Note 23: Accounting policies - continued

Property, plant and equipment
Property, plant and equipment are valued at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the useful lives at an estimated residual value. The useful lives of new assets are typically as follows:

Ships, etc.	20-25 years
Containers, etc.	12 years
Buildings	10-50 years
Terminal infrastructure	10-20 years or concession period, if shorter
Plant and machinery, cranes and other terminal equipment	5-20 years
Other operating equipment, fixtures, etc.	3-7 years

Estimated useful lives and residual values are reassessed on a regular basis.

The cost of an asset is divided into separate components, which are depreciated separately if the useful lives of the individual components differ. Dry-docking costs are recognised in the carrying amount of ships when incurred and depreciated over the period until the next dry-docking.

The cost of assets constructed by the group includes directly attributable expenses. For assets with a long construction period, borrowing costs during the construction period from specific as well as general borrowings are attributed to cost. In addition, the cost includes the net present value of estimated costs of removal and restoration.

Impairment of intangible asset and property, plant and equipment
Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit exceeds the higher of the estimated value in use and fair value less costs of disposal. Goodwill is attributed to cash-generating units on acquisition and impaired before other assets.

Intangible assets and property, plant and equipment are tested for impairment, if there is an indication of impairment. However, annual impairment tests are carried out for goodwill and other intangible assets with indefinite useful lives as well as intangible assets that are not yet in use.

Assets held for sale
Assets are held for sale, when the carrying amount of an individual non-current asset, or disposal groups, will be recovered principally through a sale transaction rather than through continuing use. Assets are classified as held for sale, when activities to carry out a sale have been initiated, the activities are available for immediate sale in their present condition and the activities are expected to be disposed of within 12 months. Liabilities directly associated with assets held for sale are presented separately from other liabilities.

Assets held for sale are measured at the lower of carrying amount immediately before classification as held for sale and fair value less costs to sell and impairment tests are performed immediately before classification as held for sale. Non-current assets are not depreciated or amortised while classified as held for sale. Measurement of deferred tax and financial assets and liabilities is unchanged.

Leases
Lease contracts are classified as operating or finance leases at the inception of the lease. Once determined, the classification is not subsequently reassessed unless there are changes to the contractual terms. Contracts which transfer all significant risks and benefits associated with the underlying asset to the lessee are classified as finance leases. Assets held under finance leases are treated as property, plant and equipment.

Investment in associated companies and joint ventures
Investments in associated companies and joint ventures are recognised at the group's share of the equity value inclusive of goodwill less any impairment losses. Goodwill is an integral part of the value of associated companies and joint ventures and is therefore subject to an impairment test together with the investment as a whole. Impairment losses are reversed to the extent the original value is considered recoverable.

Note 23: Accounting policies - continued

Other financial investments

From 1 January 2017, the group classifies its financial assets in equity instruments measured at fair value in the following measurement categories:

- through other comprehensive income, or
- through the income statement

For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income, otherwise they are recognised through the income statement.

Securities, including shares, bonds and similar securities are recognised on the trading date at fair value and subsequently measured at the quoted market price for listed securities and at estimated fair value for non-listed securities.

Inventories

Inventories mainly consist of bunker, containers (manufacturing), spare parts not qualifying as property, plant and equipment and other consumables. Inventories are measured at cost, primarily according to the FIFO method. The cost of finished goods and work in progress includes direct and indirect production costs.

Loans and receivables

Loans and receivables are initially recognised at fair value, plus any direct transaction costs and subsequently measured at amortised cost using the effective interest method. For loans and other receivables, write-down is made for anticipated losses based on specific individual or group assessments. For trade receivables, the loss allowance is measured in accordance with IFRS 9, i.e. a provision matrix is applied in order to calculate the minimum impairment. The provision matrix does include an impairment for non-due receivables.

Equity

Equity includes total comprehensive income for the year comprising the profit/loss for the year and other comprehensive income. Proceeds on the purchase and sale of own shares and dividend from such shares are recognised in equity.

The translation reserve comprises A.P. Møller Holding A/S's share of accumulated exchange rate differences arising on translation from functional currency into presentation currency. The reserve for other equity investments comprises accumulated changes in the fair value of equity investments (at FVOCI), net of tax. Reserve for hedges includes the accumulated fair value of derivatives qualifying for cash flow hedge accounting, net of tax as well as forward points and currency basis spread.

Share-based payments

Equity settled performance shares, restricted shares and share options allocated to the executive employees of the group as part of the group's long-term incentive programme are recognised as staff costs over the vesting period at estimated fair value at the grant date and a corresponding adjustment in equity. Cash settled performance awards allocated to employees as part of the group's long-term incentive programme are recognised as staff costs over the vesting period and a corresponding adjustment in other payables.

At the end of each reporting period, the group revises its estimates of the number of awards that are expected to vest based on the non-market vesting conditions and service conditions. Any impact of the revision is recognised in the income statement with a corresponding adjustment to equity or other payables, when cash settled.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation from past events. The item includes, among others, legal disputes, onerous contracts, unfavourable contracts acquired as part of a business combination as well as provisions for incurred, but not yet reported incidents under certain insurance programmes, primarily in the USA. Provisions are recognised based on best estimates and are discounted where the time element is significant and where the time of settlement is reasonably determinable.

Defined benefit plans

Pension obligations are the net liabilities of defined benefit obligations and the dedicated assets adjusted for the effect of minimum funding and asset ceiling requirements. Plans with a funding surplus are presented as net assets on the balance sheet. The defined benefit obligations are measured at the present value of expected future payments to be made in respect of services provided by employees up to the balance sheet date. Plan assets are measured at fair value. The pension cost charged to the income statement consists of calculated amounts for vested benefits and interest in addition to settlement gains or losses, etc. Interest on plan assets is calculated with the same rates as used for discounting the obligations. Actuarial gains/losses are recognised in other comprehensive income.

Pension plans where the group, as part of collective bargaining agreements, participates together with other enterprises – so called multiemployer plans – are treated as other pension plans in the financial statements. For defined benefit multi-employer plans where sufficient information to apply defined benefit accounting is not available, the plans are treated as defined contribution plans.

Note 23: Accounting policies - continued

Deferred tax
Deferred tax is calculated on temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax is not recognised for differences on the initial recognition of assets or liabilities where at the time of the transaction neither accounting nor taxable profit/loss is affected, unless the differences arise in a business combination. In addition, no deferred tax is recognised for undistributed earnings in subsidiaries, when A.P. Møller Holding A/S controls the timing of dividends, and no taxable dividends are currently expected. A deferred tax asset is recognised to the extent that it is probable that it can be utilised within a foreseeable future.

Financial liabilities
Financial liabilities are initially recognised at fair value less transaction costs. Subsequently, the financial liabilities are measured at amortised cost using the effective interest method, whereby transaction costs and any premium or discount are recognised as financial expenses over the term of the liabilities. Fixed interest loans subject to fair value hedge accounting are measured at amortised cost with an adjustment for the fair value of the hedged interest component. Liabilities in respect of finance leases are measured at the interest rate implicit in the lease, if practicable to determine, or else at the group's incremental borrowing rate.

Other areas

Derivative financial instruments
Derivative financial instruments are recognised on the trading date and measured at fair value using generally acknowledged valuation techniques based on relevant observable swap curves and exchange rates.

The effective portion of changes in the value of derivative financial instruments designated to hedge highly probable future transactions is recognised in other comprehensive income until the hedged transactions are realised. At that time, the cumulated gains/losses are transferred to the items under which the hedged transactions are recognised. The effective portion of changes in the value of derivative financial instruments used to hedge the value of recognised financial assets and liabilities is recognised in the income statement together with changes in the fair value of the hedged assets or liabilities that can be attributed to the hedging relationship. Currency basis spread and forward points are considered a cost of hedge and deferred in equity.

The ineffective portion of hedge transactions and changes in the fair values of derivative financial instruments, which do not qualify for hedge accounting, are recognised in the income statement as financial income or expenses for interest and currency based instruments, and as other income/costs for oil price hedges and forward freight agreements.

Business combinations and disposal of subsidiaries
Upon acquisition of new entities, the acquired assets, liabilities and contingent liabilities are measured at fair value at the date control was achieved using the acquisition method. Identifiable intangible assets are recognised if they arise from a contractual right or can otherwise be separately identified. The difference between the fair value of the acquisition cost and the fair value of acquired identifiable net assets is recognised as goodwill. Contingent consideration is measured at fair value and any subsequent changes to contingent consideration are recognised as other income or other costs in the income statement. Transaction costs are recognised as operating costs as they are incurred.

When the group ceases to have control of a subsidiary, the value of any retained investment is re-measured at fair value and the value adjustment is recognised in the income statement as gain (or loss) on sale of non-current assets. The difference between sales proceeds and the carrying amount of the subsidiary is recognised in the income statement including fair value of contingent consideration at the time of sale. Contingent consideration is re-measured at fair value with changes recognised in the income statement.

The effect of the purchase and sale of non-controlling interests without changes in control is included directly in equity.

Discontinued operations and assets held for sale
Discontinued operations represent a separate major line of business disposed of or in preparation for sale. The results of discontinued operations are presented separately in the income statement and comparative figures are restated. Assets held for sale and associated liabilities from discontinued operations are presented as separate items in the balance sheet, and the cash flows from discontinued operations are presented separately in the cash flow statement and comparative figures are restated. Elimination between continuing business and discontinuing operations are presented in order to present continuing operations as post-separation which entails elimination of interest, borrowing, dividends and capital increases.

Note 23: Accounting policies - continued

Assets and liabilities from discontinued operations and assets held for sale except financial assets, etc., are measured at the lower of carrying amount immediately before classification as held for sale and fair value less cost to sell and impairment tests are performed immediately before classification as held for sale. Non-current assets held for sale are not depreciated.

In addition to above general accounting policies the following is significant in regard to discontinued operations:

Revenue and costs
Oil and gas revenue is recognised as revenue upon discharge from the production site, reflecting the production entitlement quantities. In agreements where tax is settled in oil, an amount corresponding to the sales value is recognised as both revenue and tax.

For drilling activities revenue is recognised in accordance with the agreed day rates for the work performed to date. Compensations received, or receivable, for early termination are recognised as revenue with deferral of an estimated value of any obligations to standing ready for new engagements in the remaining contract period.

Income tax consists of oil tax based on gross measures. Oil tax on gross measures is a special tax in certain countries on the production of hydrocarbons, and is separately disclosed within tax.

Assets and liabilities
Intangible assets in connection with acquired oil resources (concession rights, etc.) are amortised over the useful life of production until the fields' expected production periods end – a period of up to 20 years until classification as assets held for sale.

In Property, plant and equipment, oil production facilities, where oil is received as payment for the investment (cost oil), depreciation generally takes place concurrently with the receipt of cost oil until classification as assets held for sale.

The cost includes the net present value of estimated costs of abandonment.

Annual impairment tests are not carried out for oil concession rights in scope of IFRS 6.

The useful lives of new assets are 20 years for Rigs and up to 25 years for oil and gas production facilities, etc. – based on the expected production periods of the fields.

Provisions include provisions for abandonment of oil fields.

Cash flow statement
Cash flow from operating activities includes all cash transactions other than cash flows arisen from investments and divestments, principal payments of loans, instalments on finance lease liabilities and equity transactions. Capitalisation of borrowing costs is considered non-cash items, and the actual payments of those are included in cash flow from operations.

Cash and cash equivalents comprise cash and bank balances net of bank overdrafts where overdraft facilities form an integral part of the group's cash management.

Note 24: Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires management, on an ongoing basis, to make judgements and estimates and form assumptions that affect the reported amounts. Management forms its judgements and estimates on historical experience, independent advisors and external data points as well as in-house specialists and on other factors believed to be reasonable under the circumstances.

In certain areas, the outcome of business plans, including ongoing negotiations with external parties to execute those plans or to settle claims that are raised against A.P. Møller Holding A/S and its subsidiaries, is highly uncertain. Therefore, assumptions may change or the outcome may differ in the coming years, which could require a material upward or downward adjustment of the carrying amounts of assets and liabilities. This note includes the areas in which A.P. Møller Holding A/S is particularly exposed to a material adjustment of the carrying amounts as at the end of 2017.

General

Aspects of uncertainty
In its assumption setting, management deals with different aspects of uncertainty. One aspect of uncertainty is whether an asset or liability exist where the assessment is basis for recognition or derecognition decisions, including assessment of control. Another aspect is the measurement uncertainty, where management makes assumptions about the value of the assets and liabilities that are deemed to exist. These assumptions concern the timing and amount of future cash flows and the risks inherent in these.

Note 24: Significant accounting estimates and judgements - continued

Container freight rates

The future development in the container freight rates is an uncertain and significant factor impacting especially the Maersk Line activities, where financial results are directly affected by the fluctuation in the container freight rates. Freight rates are influenced by the global economic environment and trade patterns, as well as industry specific trends in respect of supply and demand of capacity.

Oil prices

The future development in the oil price is an uncertain and significant factor impacting accounting estimates across the group either directly or indirectly. Maersk Line and Maersk Tankers are directly impacted by the price of bunker oil, where the competitive landscape determines the extent of which the development is reflected in the freight rates charged to the customer. APM Terminals is indirectly impacted by the oil price as terminals located in oil producing countries, e.g. Nigeria, Angola, Egypt, Russia, and Brazil, are indirectly impacted by the development in oil prices and the consequences on the countries' economies, which not only affects volume handled in the terminals, but also the exchange rates.

Intangible assets and property, plant and equipment

A.P. Moller Holding carries goodwill of DKK 4,489m (DKK 2,358m) and intangible assets with indefinite lives of DKK 211m (DKK 239m). The increase in goodwill relates to the acquisition of Hamburg Süd through a business combination in December 2017 and to the global container activities. The majority of non-current assets is amortised over their useful economic lives. Management assesses impairment indicators across this asset base. Judgement is applied in the definition of cash generating units and in the selection of methodologies and assumptions for impairment tests.

The determination of cash generating units differs for the various businesses. Maersk Line and Maersk Tankers operates its fleet of container vessels in an integrated network for which reason the global container shipping activities are tested for impairment as a single cash generating unit. APM Terminals considers each terminal individually in impairment tests, unless the capacity is managed as a portfolio, which is the case for certain terminals in Northern Europe and Global Ports Investments (Russia). Svitzer groups vessels according to type, size, etc. in accordance with the structure governing management's ongoing follow-up.

Projected cash flow models are used when fair value is not obtainable or when fair value is deemed lower than value in use. External data is used to the extent possible and centralised processes, involving corporate functions, ensure that indexes or data sources are selected consistently observing differences in risks and other circumstances. Current market values for vessels, etc. are estimated using acknowledged brokers.

Impairment considerations

In Maersk Line, although freight rates improved compared to 2016, and despite generating positive cash flow in the year, the continuing low freight rates are impairment indicators. In addition, the estimated fair value of the fleet continues to be significantly lower than the carrying amount. Consequently, an estimate of the recoverable amount has been prepared by a value in use calculation. The cash flow projection is based on forecasts as per December 2017 covering plans for 2018-2022. The key sensitivities are: development in freight rates, container volumes, bunker costs, effect of cost savings as well as the discount rate. Management has applied an assumption of growth in volumes and continued pressure on, but increasing freight rates, and continued cost efficiency. The impairment test continues to show headroom from value in use to the carrying amount. Management is of the opinion that the assumptions applied are sustainable.

In APM Terminals the decline in activity in oil producing countries is an impairment indicator for the terminals in these countries. Management assesses impairment triggers and based on these estimate recoverable amounts on the individual terminals. For APM Terminals' interest in Global Port Investments, being the share of equity and significant intangible assets acquired, management assesses the recoverable amount of its interest on an ongoing basis. Uncertain variables in the estimate are the economic outlook in Russia, local competition, effect on volume, operating expenses and discount rate. The carrying amount of the investment may not be sustainable in the next few years, if markets develop significantly adverse compared to current expectations. Estimates of recoverable amounts were also prepared for other terminals where decreasing volumes triggered impairment tests. Impairments of DKK 4.1bn were recognised in 2017 related to terminals in markets with challenging commercial conditions. Continued economic deterioration and lack of cash repatriation opportunities in certain oil producing countries can potentially put further pressure on carrying amounts on terminals in these countries.

For Maersk Drilling an impairment charge of DKK 11.6bn before tax was recognised in 2017 due to the continuing challenging market conditions. The current supply/demand imbalance in the offshore rig market along with the uncertainty regarding the future oil price projections driving demand and consequently the day rates are the key drivers for the impairments in Maersk Drilling. The recoverable amount is determined as fair value less cost to sell based on a discounted cash flow model. Day rates are expected to moderately increase in the medium term compared to all-time low rates recently seen. Although a gradual move towards more economically sustainable rates in the long-term is expected, the level is expected to be lower than the historic rates due to continued uncertainty in oil demand and the significant oversupply of rigs in the market. The fair value estimates using the discounted cash flow model is highly uncertain due to the character of the assets and few transactions. The calculations are sensitive to expected future day rates and risks of idle periods in additions to the discount rate.

Note 24: Significant accounting estimates and judgements - continued

For Maersk Tankers an impairment charge of DKK 3.1bn before tax was recognised in 2017 due to the continuing challenging market conditions and pressure on long term market rates.

Refer to notes 5 and 6 for information about impairment losses, recoverable amounts and discount rates.

Amortisation, depreciation and residual values

Useful lives are estimated based on past experience. Management decides from time to time to revise the estimates for individual assets or groups of assets with similar characteristics due to factors such as quality of maintenance and repair, technical development and environmental requirements. Refer to note 23 for the useful lives typically used for new assets.

Residual values are difficult to estimate given the long lives of vessels and rigs, the uncertainty as to future economic conditions and the future price of steel, which is considered as the main determinant of the residual price. As a general rule, the residual values of vessels are initially estimated at 10% of the purchase price excluding dry-docking costs. The long-term view is prioritised in order to disregard, to the extent possible, temporary market fluctuations which may be significant.

Operations in countries with limited access to repatriating surplus cash

A.P. Moller Holding group of companies operates worldwide and in this respect, has operations in countries where the access to repatriating surplus cash is limited. In these countries, management makes judgements as to how these transactions and balance sheet items are recognised in the financial statement.

Provisions for pension and other employee benefits

For defined benefit schemes, management makes assumptions about future remuneration and pension changes, employee attrition rates, life expectancy, inflation and discount rates. When setting those assumptions, management takes advice from the actuaries performing the valuation. The inflation and discount rates are determined centrally for the major plans on a country-by-country basis. All other assumptions are determined on a plan-by-plan basis. Refer to note 12 for information about key assumptions and the sensitivity of the liability to changes in those.

Plan assets are measured at fair value by fund administrators.

Provisions for legal disputes, uncertain tax positions, etc.

Management's estimate of the provisions in connection with legal disputes, including disputes on taxes and duties, is based on the knowledge available on the actual substance of the cases and a legal assessment of these. The resolution of legal disputes, through either negotiations or litigation, can take several years to complete and the outcome is subject to considerable uncertainty.

The group is engaged in a number of disputes with tax authorities of varying scope. Appropriate provisions have been made where the probability of payment of additional taxes in individual cases is considered more likely than not. Claims, for which the probability of payment is assessed by management to be less than 50%, are not provided for. Such risks are instead evaluated on a portfolio basis by geographical area, and country risk provisions are established where the aggregated risk of additional payments is more likely than not.

Deferred tax assets

Judgement has been applied in the measurement of deferred tax assets with respect to the group's ability to utilise the assets. Management considers the likelihood of utilisation based on the latest business plans and recent financial performances of the individual entities. Net deferred tax assets recognised in entities having suffered an accounting loss in either the current or preceding period amount to DKK 1.3bn (DKK 1.0bn) for continuing operations, excluding entities participating in joint taxation schemes. These assets mainly relate to unused tax losses or deductible temporary differences generated, during construction of terminals, where taxable profits have been generated either in the current period or are expected within a foreseeable future.

Note 24: Significant accounting estimates and judgements - continued

Assessment of control, joint control or significant influence

A.P. Moller Holding's control, joint control or significant influence over an entity or activity is subject to an assessment of power and exposure to variability in returns.

The assessment of control in oil and gas activities entails analysis of the status of operators in joint arrangements. Operators are responsible for the daily management of the activities carried out within the jointly established framework. Since operators are not exposed to, and have no right to, returns beyond the participating share, and since they can be replaced by agreement, the operators are regarded as agents as defined in IFRS 10. Operators of pool arrangements in shipping are assessed similarly. When assessing joint control, an analysis is carried out to determine which decisions require unanimity and whether these concern the activities that significantly affect the returns. Joint control is deemed to exist when business plans, work programmes and budgets are unanimously adopted. Within oil and gas activities, an assessment of joint control is carried out for each phase. These are typically exploration and development, production and decommissioning. Unanimity is often not required during the production phase. Given that the contracting parties have direct and unrestricted rights and obligations in the arrangements' assets or liabilities regardless of voting rights, the arrangements are accounted for as joint operations during all phases.

For pool arrangements in shipping, unanimity is not required in decisions on relevant activities. However, the contracting parties have direct and unrestricted rights and obligations in the unit's assets or liabilities, and as the pool arrangements are not structured into separate legal entities, they are treated as joint operations.

Leasing

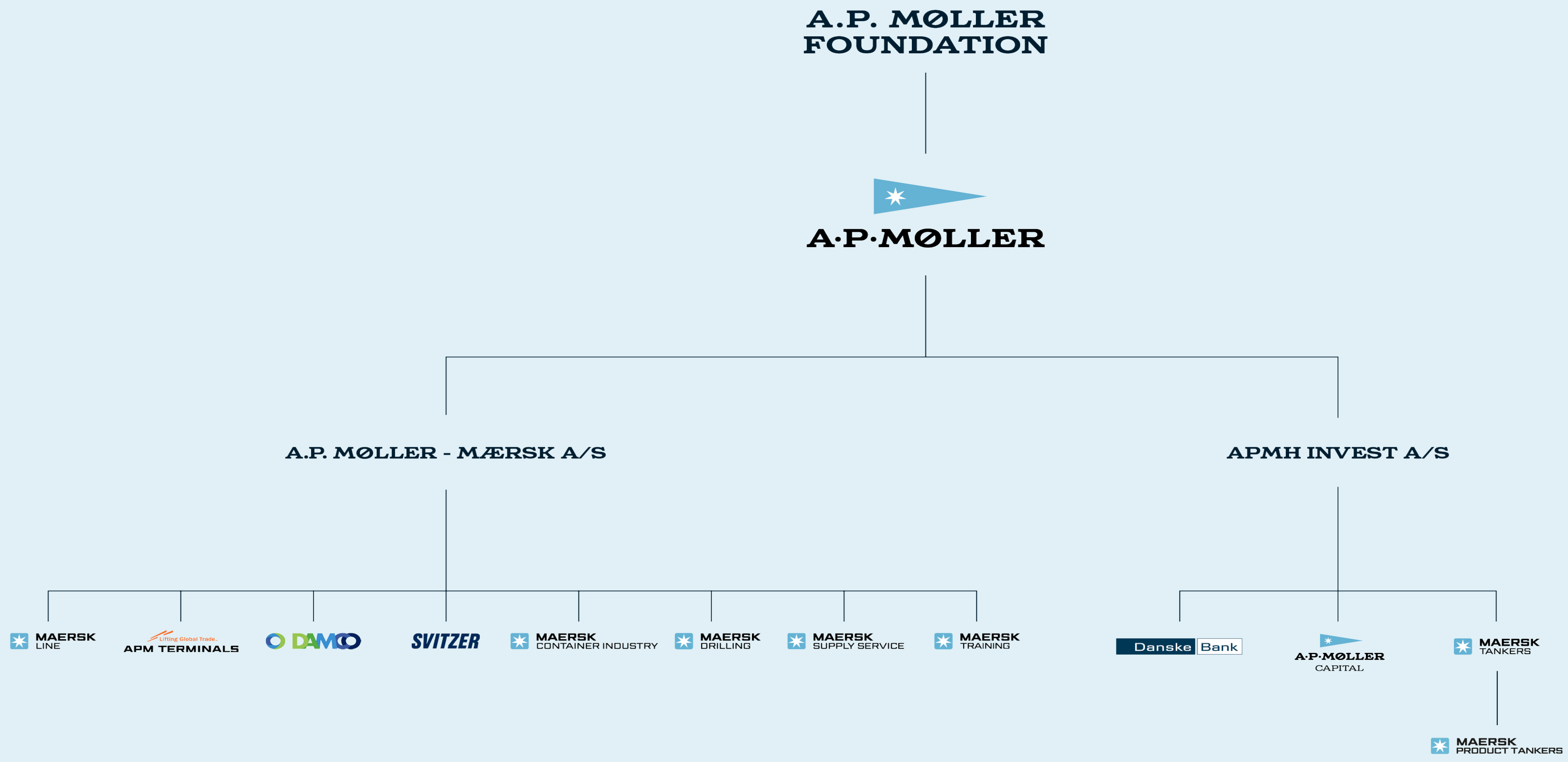
Judgement is applied in the classification of lease as operating or finance lease. The group enters into a substantial amount of lease contracts, some of which are combined lease and service contracts like time charter agreements.

Management applies a formalised process for classification and estimation of present values for finance leases with the use of specialised staff in corporate functions.

Discontinued operations and assets held for sale

When classifying a disposal group as assets held for sale management applies judgement to the estimated fair value of the disposal group. Depending on the disposal group's activity, assets and liabilities, the estimated value is encompassed by different levels of uncertainty and thus subsequent adjustments are possible. Measurement of the fair value of disposal group is categorised as Level 3 in the fair value hierarchy as measurement is not based on observable market data.

Note 25: Company overview



Note 25: Company overview - continued

A.P. Moller Holding group of companies comprises more than 900 companies.

Companies owned by A.P. Møller Holding A/S are listed below.

Subsidiary	Country of incorporation	Ownership share
A.P. Møller Mærsk A/S[1]	Denmark	41.5%
APMH Invest A/S	Denmark	100%

[1] Voting right 51.23%

Major companies of A.P. Møller-Mærsk A/S are listed below.

Subsidiary	Country of incorporation	Ownership share
A.P. Moller Finance SA	Switzerland	100%
A.P. Moller Singapore Pte. Ltd.	Singapore	100%
Addicks & Kreye Container Service GmbH & Co. KG	Germany	51%
Aliança Navegação e Logística Ltda.	Brazil	100%
APM Terminals - Aarhus A/S	Denmark	100%
APM Terminals Algeciras S.A.	Spain	100%
APM Terminals Apapa Ltd.	Nigeria	94%
APM Terminals B.V.	The Netherlands	100%
APM Terminals Bahrain B.S.C.	Bahrain	80%
APM Terminals Callao S.A.	Peru	51%
APM Terminals China Co. Ltd.	Hong Kong	100%
APM Terminals Elizabeth, LLC	USA	100%
APM Terminals Gothenburg AB	Sweden	100%
APM Terminals India Pvt. Ltd.	India	100%
APM Terminals Inland Services S.A.	Peru	100%
APM Terminals Lazaro Cardenas S.A. de C.V.	Mexico	100%
APM Terminals Liberia Ltd.	Liberia	75%
APM Terminals Maasvlakte II B.V.	The Netherlands	100%
APM Terminals Management B.V.	The Netherlands	100%
APM Terminals Mobile, LLC	USA	100%
APM Terminals Moin S.A.	Costa Rica	100%
APM Terminals North America B.V.	The Netherlands	100%
APM Terminals Pacific LLC	USA	100%
APM Terminals Rotterdam B.V.	The Netherlands	100%
APM Terminals Tangier SA	Morocco	90%
Aqaba Container Terminal Company Ltd.	Jordan	50%
Bermutine Transport Corporation Ltd.	Bermuda	100%
Coman SA	Benin	100%
Container Operators S.A.	Chile	100%

Note 25: Company overview - continued

Subsidiary	Country of incorporation	Ownership share
Damco (UAE) FZE	United Arab Emirates	100%
Damco A/S	Denmark	100%
Damco Australia Pty. Ltd.	Australia	100%
Damco Belgium NV	Belgium	100%
Damco China Ltd.	China	100%
Damco Distribution Services Inc.	USA	100%
Damco France SAS	France	100%
Damco India Pvt. Ltd.	India	100%
Damco International A/S	Denmark	100%
Damco Logistics Uganda Ltd.	Uganda	100%
Damco Sweden AB	Sweden	100%
Damco UK Ltd.	UK	100%
Damco USA Inc.	USA	100%
Farrell Lines Inc.	USA	100%
Gateway Terminals India Pvt. Ltd.	India	74%
Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG	Germany	100%
Lilypond Container Depot Nigeria Ltd.	Nigeria	100%
Maersk (China) Shipping Company Ltd.	China	100%
Maersk A/S	Denmark	100%
Maersk Agency U.S.A. Inc.	USA	100%
Maersk Aviation Holding A/S	Denmark	100%
Maersk B.V.	The Netherlands	100%
Maersk Bangladesh Ltd.	Bangladesh	100%
Maersk Container Industry A/S	Denmark	100%
Maersk Container Industry Dongguan Ltd.	China	100%
Maersk Container Industry Qingdao Ltd.	China	100%
Maersk Denizcilik A.Ş.	Turkey	100%
Maersk Drilling A/S	Denmark	100%
Maersk Drilling Deepwater A/S	Denmark	100%
Maersk Drilling Deepwater Egypt LLC	Egypt	100%
Maersk Drilling Holdings Singapore Pte. Ltd.	Singapore	100%
Maersk Drilling International A/S	Denmark	100%
Maersk Drilling Norge AS	Norway	100%
Maersk Drilling USA Inc.	USA	100%
Maersk Drillship III Singapore Pte. Ltd.	Singapore	100%
Maersk Drillship IV Singapore Pte. Ltd.	Singapore	100%

Subsidiary	Country of incorporation	Ownership share
Maersk Egypt For Maritime Transport SAE	Egypt	100%
Maersk Energia Ltda.	Brazil	100%
Maersk Energy Marketing A/S	Denmark	100%
Maersk Energy UK Ltd.	UK	100%
Maersk FPSOs A/S	Denmark	100%
Maersk Gabon SA	Gabon	100%
Maersk Global Service Centres (Chengdu) Ltd.	China	100%
Maersk Global Service Centres (India) Pvt. Ltd.	India	100%
Maersk Holding B.V.	The Netherlands	100%
Maersk Hong Kong Ltd.	Hong Kong	100%
Maersk Inc.	USA	100%
Mærsk Innovator Norge A/S	Denmark	100%
Mærsk Inspirer Norge A/S	Denmark	100%
Maersk Integrator Norge A/S	Denmark	100%
Maersk Inter Holding B.V.	The Netherlands	100%
Maersk Interceptor Norge A/S	Denmark	100%
Maersk Intrepid Norge A/S	Denmark	100%
Maersk Line A/S	Denmark	100%
Maersk Line Agency Holding A/S	Denmark	100%
Maersk Line UK Ltd.	UK	100%
Maersk Line, Limited Inc.	USA	100%
Maersk Logistics Warehousing China Company Ltd.	Hong Kong	100%
Maersk Oil Angola A/S	Denmark	100%
Maersk Oil Brasil Ltda.	Brazil	100%
Maersk Oil GB Ltd.	UK	100%
Maersk Oil Gulf of Mexico Four LLC	USA	100%
Maersk Oil Kazakhstan GmbH	Germany	100%
Maersk Oil North Sea UK Ltd.	UK	100%
Maersk Oil Norway AS	Norway	100%
Maersk Oil Qatar A/S	Denmark	100%
Maersk Oil Three PL B.V.	The Netherlands	100%
Maersk Oil Trading Inc.	USA	100%
Maersk Oil UK Ltd.	UK	100%
Mærsk Olie Algeriet A/S	Denmark	100%
Mærsk Olie og Gas A/S	Denmark	100%

Note 25: Company overview - continued

Subsidiary	Country of incorporation	Ownership share
Maersk Shipping Hong Kong Ltd.	Hong Kong	100%
Maersk Supply Service (Angola) Lda.	Angola	49%
Maersk Supply Service A/S	Denmark	100%
Maersk Supply Service Canada Ltd.	Canada	100%
Maersk Supply Service International A/S	Denmark	100%
Maersk Supply Service UK Ltd.	UK	100%
Maersk Treasury Center (Asia) Pte. Ltd.	Singapore	100%
Maersk Vietnam Ltd.	Vietnam	100%
Maersk Viking LLC	USA	100%
MCC Transport Singapore Pte. Ltd.	Singapore	100%
New Times International Transport Service Co. Ltd.	China	100%
Poti Sea Port Corporation	Georgia	100%
PT Damco Indonesia	Indonesia	98%
Rederiaktieselskabet Kuling	Denmark	100%
Rederiet A.P. Møller A/S	Denmark	100%
Safmarine (Pty) Ltd.	South Africa	100%
Safmarine MPV NV	Belgium	100%
Seago Line A/S	Denmark	100%
Sogester - Sociedade Gestora De Terminais S.A.	Angola	51%
Suez Canal Container Terminal SAE	Egypt	55%
Svitzer A/S	Denmark	100%
Svitzer Australia Pty Ltd	Australia	100%
Svitzer Marine Ltd.	UK	100%
Terminal 4 S.A.	Argentina	100%
U.S. Marine Management, Incorporated	USA	100%
West Africa Container Terminal Nigeria Ltd.	Nigeria	100%

Associate	Country of incorporation	Ownership share
Abidjan Terminal SA	Côte d'Ivoire	40.0%
Brigantine International Holdings Ltd.	Hong Kong	30.0%
Brigantine Services Ltd.	Hong Kong	30.0%
Congo Terminal Holding SAS	France	30.0%
Congo Terminal SA	Republic of the Congo	22.5%
Cosco Ports (Nansha) Ltd.	British Virgin Islands	33.9%
Guangzhou South China Oceangate Container Terminal Co. Ltd.	China	20.0%
Gujarat Pipavav Port Ltd.	India	43.0%
Höegh Autoliners Holdings AS	Norway	38.8%
Inttra Inc.	USA	25.0%
Meridian Port Services Ltd.	Ghana	42.3%
Salalah Port Services Company SAOG	Oman	30.1%
Shanghai Tie Yang Multimodal Transportation Co. Ltd.	China	29.4%
South Asia Gateway Pvt. Ltd.	Sri Lanka	32.8%
Tianjin Port Alliance International Container Terminal Co. Ltd.	China	20.0%

Note 25: Company overview - continued

Joint Ventures	Country of incorporation	Ownership share
Anchor Storage Ltd.	Bermuda	51.0%
Ardent Holdings Limited	UK	50.0%
Brasil Terminal Portuario S.A.	Brazil	50.0%
Cai Mep International Terminal Co. Ltd.	Vietnam	49.0%
Douala International Terminal SA	Cameroon	43.7%
Eurogate Container Terminal Wilhelmhaven Beteiligungsgesellschaft GmbH	Germany	30.0%
First Container Terminal ZAO	Russia	30.8%
Global Ports Investments PLC	Cyprus	30.8%
North Sea Terminal Bremerhaven Verwaltungsgesellschaft GmbH	Germany	50.0%
Pelabuhan Tanjung Pelepas Sdn. Bhd.	Malaysia	30.0%
Petrolesport OAO	Russia	30.8%
Qingdao New Qianwan Container Terminal Co. Ltd.	China	18.5%
Qingdao Qianwan Container Terminal Co. Ltd.	China	20.0%
Shanghai East Container Terminal Co. Ltd.	China	49.0%
Smart International Logistics Company Ltd.	China	49.0%
South Florida Container Terminal LLC	USA	49.0%
Vostochnaya Stevedore Company OOO	Russia	30.8%
Xiamen Songyu Container Terminal Co. Ltd.	China	25.0%

Companies of APMH Invest A/S are listed below.

Subsidiary	Country of incorporation	Ownership share
Maersk Tankers A/S	Denmark	100%
APMH Invest III ApS	Denmark	100%
APMH Invest IV ApS	Denmark	100%
APMH Invest V ApS	Denmark	100%
A.P. Møller Capital P/S	Denmark	51%
A.P. Møller Capital GP ApS	Denmark	100%
Africa Infrastructure Fund I GP ApS	Denmark	100%
AIF I Sponsor Invest K/S	Denmark	100%
AIF I Management Invest K/S	Denmark	100%

Associate	Country of incorporation	Ownership share
Danske Bank A/S	Denmark	20%

Companies of Maersk Tankers A/S are listed below.

Subsidiary	Country of incorporation	Ownership share
Maersk Tankers LR2 General Partner A/S	Denmark	100%
Maersk Tankers MR General Partner A/S	Denmark	100%
Handytankers General Partner A/S	Denmark	100%
Brostrom General Partner A/S	Denmark	100%
Maersk Tankers Afra General Partner A/S	Denmark	100%
Maersk Tankers LR2 K/S	Denmark	100%
Maersk Tankers MR K/S	Denmark	100%
Handytankers K/S	Denmark	100%
Brostrom K/S	Denmark	100%
Maersk Tankers Afra K/S	Denmark	100%
OPSA Operadora Portuaria	Venezuela	100%
Maersk Tankers Holland BV	Holland	100%
Brostrom AB	Sweden	100%
Maersk Tankers US Inc.	USA	100%
Maersk Tankers US Personnel Inc.	USA	100%
Maersk Tankers India Pvt. Ltd.	India	100%
Maersk Tankers Romania SRL	Romania	100%
Maersk Product Tankers A/S	Denmark	100%
Maersk Tankers Singapore Pte Ltd	Singapore	100%
Maersk Tankers UK Ltd.	UK	100%

Joint ventures	Country of incorporation	Ownership share
Long Range 2 A/S	Denmark	50%
LR 2 Management K/S	Denmark	50%

PARENT COMPANY FINANCIAL STATEMENTS

Income statement | Balance sheet | Statement of changes in equity | Notes to the financial statements

PARENT COMPANY FINANCIAL STATEMENTS

CONTENTS

INCOME STATEMENT

Note	Amounts in DKKm	2017	2016
1	Share of profit in subsidiaries	1,753.4	- 1,777.4
2	Staff costs	- 33.5	- 6.6
	Other external expenses	- 20.8	- 18.3
	Other income	5.1	0.0
	Profit before financial items	**1,704.2**	**- 1,802.3**
3	Other financial income	18.6	8.4
4	Other financial expenses	- 10.8	- 2.2
	Profit before tax	**1,712.0**	**- 1,796.1**
5	Tax on profit for the year	- 15.2	23.1
6	**Net profit for the year**	**1,696.8**	**- 1,773.0**

BALANCE SHEET AT 31 DECEMBER

Assets

Note	Amounts in DKKm	2017	2016
	Fixed assets		
7	Property	90.4	0.0
1	Investments in subsidiaries	110,856.7	119,125.9
	Total fixed assets	**110,947.1**	**119,125.9**
	Current assets		
	Receivables from affiliates	36.8	0.0
8	Deferred tax	2.1	0.8
9	Tax receivables	56.5	4.5
	Other receivables	9.2	2.3
	Total receivables	**104.6**	**7.6**
	Securities	**108.8**	**137.6**
	Cash and bank balances	**615.5**	**19.5**
	Total current assets	**828.9**	**164.7**
	Total assets	**111,776.0**	**119,290.6**

Equity and Liabilities

Note	Amounts in DKKm	2017	2016
	Equity		
10	Share capital	2,000.0	2,000.0
	Reserve for net revaluation under the equity method	0.0	6,195.5
	Retained earnings etc	109,257.3	110,590.8
	Proposed dividend	500.0	500.0
	Total equity	**111,757.3**	**119,286.3**
	Short-term debt		
	Debt to banks	0.1	0.0
	Payables to affiliates	5.5	0.0
	Trade payables	2.1	2.8
	Other payables	11.0	1.5
	Total short-term debt	**18.7**	**4.3**
	Total liabilities	**18.7**	**4.3**
	Total equity and liabilities	**111,776.0**	**119,290.6**

11 Related parties
12 Commitments
13 Contingent liabilities
14 Events after the balance sheet date
15 Accounting policies

STATEMENT OF CHANGES IN EQUITY

Amounts in DKKm	Share capital	Reserve for net revaluation under the equity method	Retained earnings etc	Proposed dividend	Total
Equity at 1 January 2016	2,000.0	9,451.1	108,669.3	1,000.0	121,120.4
Dividend paid for the year	0.0	0.0	0.0	- 1,000.0	- 1,000.0
Net profit/loss for the year	0.0	- 4,370.0	2,097.0	500.0	- 1,773.0
Dividend from subsidiaries	0.0	- 2,592.5	2,592.5	0.0	0.0
Other adjustments etc[1]	0.0	3,706.9	- 2,768.0	0.0	938.9
Equity at 31 December 2016	**2,000.0**	**6,195.5**	**110,590.8**	**500.0**	**119,286.3**
Dividend paid for the year	0.0	0.0	0.0	- 500.0	- 500.0
Net profit/loss for the year	0.0	1,753.4	- 556.6	500.0	1,696.8
Dividend from subsidiaries	0.0	- 1,296.3	1,296.3	0.0	0.0
Other adjustments etc[1]	0.0	- 6,652.6	- 2,073.2	0.0	- 8,725.8
Equity at 31 December 2017	**2,000.0**	**0.0**	**109,257.3**	**500.0**	**111,757.3**

[1] Other adjustments primarily comprise exchange rate adjustments.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

Note 1: Investments in subsidiaries

Amounts in DKKm	2017	2016
Cost at 1 January	112,930.4	111,120.1
Additions	0.0	3,325.5
Disposals	- 0.5	- 1,515.2
Cost at 31 December	**112,929.9**	**112,930.4**
Adjustment to carrying amount at 1 January	6,195.5	9,451.1
Share of profit for the year	1,753.4	- 1,777.4
Dividend	- 1,296.3	- 2,592.5
Disposals	0.0	- 271.2
Other adjustments	- 8,725.8	1,385.5
Adjustment to carrying amount at 31 December	**- 2,073.2**	**6,195.5**
Carrying amount at 31 December	**110,856.7**	**119,125.9**

Company overview as at 31 December 2017

Subsidiaries	Country of incorpora-tion	Ownership share	Voting share
A.P. Møller - Mærsk A/S	Denmark	41.5%	51.2%
APMH Invest A/S	Denmark	100.0%	100.0%

Please refer to the company overview for A.P. Moller Holding's group of companies as stated in note 25, which is an integrated part of this note.

Note 2: Staff costs

Amounts in DKKm	2017	2016
Wages and salaries	32.6	6.4
Pensions	0.9	0.2
Other social security costs	0.0	0.0
Total	**33.5**	**6.6**
Average number of employees	12	3
Remuneration to the Executive Board	15.5	4.2
Remuneration to the Board of Directors	1.0	0.8

A.P. Møller Holding A/S has introduced a cash-settled incentive plan to members of the Executive Board. The incentive plan provides an annual bonus and a three-year bonus programme, which depends on the development of the company's investments. Bonus is included in Remuneration to the Executive Board with DKK 5.8m (DKK 0.5m).

Note 3: Other financial income

Amounts in DKKm	2017	2016
Interest income	2.0	0.0
Dividends	3.3	5.9
Exchange rate gains	9.4	0.0
Gains on securities	3.1	1.8
Other financial income	0.8	0.7
Total	**18.6**	**8.4**

Note 4: Other financial expenses

Amounts in DKKm	2017	2016
Interest expenses	2.1	1.7
Exchange rate losses	8.7	0.0
Losses on securities	0.0	0.5
Total	**10.8**	**2.2**

Note 5: Tax on profit for the year

Amounts in DKKm	2017	2016
Tax on profit for the year	- 5.7	- 3.2
Adjustment of tax concerning previous years	22.2	- 21.3
Adjustment of deferred tax	- 1.3	1.4
Total	**15.2**	**- 23.1**

Note 6: Distribution of net profit for the year

Amounts in DKKm	2017	2016
Proposed dividend	500.0	500.0
Reserve for net revaluation under the equity method	1,753.4	- 4,370.0
Retained earnings	- 556.6	2,097.0
Net profit for the year	**1,696.8**	**- 1,773.0**

Note 7: Property

Amounts in DKKm	2017	2016
Cost at 1 January	0.0	0.0
Additions	90.4	0.0
Disposals	0.0	0.0
Cost at 31 December	**90.4**	**0,0**
Depreciation at 1 January	0.0	0.0
Depreciation for the year	0.0	0.0
Depreciation at 31 December	**0,0**	**0,0**
Carrying amount at 31 December	**90.4**	**0.0**

The property has been acquired as at 31 December 2017.

Note 8: Deferred tax

Amounts in DKKm	2017	2016
Deferred tax asset at 1 January	0.8	2.2
Adjustment of deferred tax for the year	1.3	- 1.4
Deferred tax asset at 31 December	**2.1**	**0.8**

Deferred tax is calculated based on the difference between the carrying amount and the tax base of assets and liabilities. Management expects the deferred tax asset to be utilised by the Company itself or by the group of jointly taxed companies within a few years.

Note 9: Tax receivables

Amounts in DKKm	2017	2016
Tax receivables at 1 January	4.5	- 45.3
Adjustment of tax concerning previous years	- 22.2	21.3
Tax on profit for the year	5.7	3.2
Tax paid for the year	68.5	25.3
Tax receivables at 31 December	**56.5**	**4.5**

Note 10: Share capital

Amounts in DKKm	
Changes in share capital in the past 5 years	
On formation at 20 December 2013	999.0
Cash capital increase at 20 December 2013	1.0
Capital increase through non-cash contribution at 2 March 2015	1,000.0
Share capital at 31 December 2017	**2,000.0**

The share capital consists of 2,000 shares with a nominal value of DKK 1m.

Note 11: Related parties

A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal (A.P. Moller Foundation) holds 100% of the Company's capital.

Related parties exercising controlling interest on the Company:

- A.P. Moller Foundation, Esplanaden 50, Copenhagen, Denmark.

The Company has not entered into any transactions with related parties that were not on an arm's length basis.

Note 12: Commitments

As part of the Company's activities, lease agreements are entered into regarding operating lease of equipment and office buildings, etc. The future charter and operating lease payments for the operations are:

Amounts in DKKm	2017	2016
Within one year	1.4	0.0
Between one and five years	0.5	0.0
After five years	0.0	0.0
Total	**1.9**	**0.0**

Note 13: Contingent liabilities

The Company is included in national joint taxation with other Danish companies in the A.P. Møller Holding group of companies. The Company is jointly and severally liable for the payment of taxes and withholding tax.

Note 14: Events after the balance sheet date

No events of importance to the Annual Report have occurred during the period from the balance sheet date until the presentation of the financial statements.

Note 15: Accounting policies

The Financial Statement for 2017 for A.P. Møller Holding A/S has been prepared on a going concern basis and in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

A few adjustments have been made to the presentation form and designations in view of the nature of the Company. The adjustments have no effect on either profit or equity.

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the Parent Company.

Compared to the accounting policies described for A.P. Møller Holding A/S as stated in note 23 to the consolidated financial statements – the Company's accounting policies differ mainly in the following areas:

- Shares in subsidiaries are measured under the equity method. The share of profit/loss after tax in the subsidiaries is recognised as a separate line item in the income statement, see below. Goodwill and other intangible assets with indefinite useful lives are recognised as part of the investment and amortised over a maximum of 10 years.
- Dividends from subsidiaries are recognised as a receivable at the time of declaration.
- All equity instruments where A.P. Møller Holding A/S does not have either control, joint control or significant influence is measured at fair value and the fair value adjustment is recognised in the income statement. Therefore equity instruments classified at fair value through other comprehensive income in the consolidated financial statement including the 19% shareholding in Dansk Supermarked is measured at fair value and the value adjustment is recognised in the income statement.
- The effect of the 'expected credit loss' model used in the consolidated financial statement due to the implementation of IFRS 9 has been reversed in the financial statement of A.P. Møller Holding A/S and the 'incurred loss' model has been applied. This primarily has an effect on the credit losses in the associated company Danske Bank.

The Financial Statements are presented in DKK million.

Note 15: Accounting policies - continued

Investment in subsidiaries

Investment in subsidiaries are accounted for under the equity method. The investments are initially recognised at cost and adjusted thereafter to recognise the company's share of the post-acquisition profits or losses of the subsidiary in profit or loss, and the company's share of movements in equity of the subsidiary. Dividends received or receivable from subsidiaries are recognised as a reduction in the carrying amount of the investment.

When the company's share of losses in a subsidiary equals or exceeds its investment in the entity, including any other unsecured long-term receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the subsidiary.

Unrealised gains on transactions between the company and its subsidiaries are eliminated in full. Accounting policies of equity accounted subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the company.

Securities

All other equity instruments where APMH Invest A/S does not have either control, joint control or significant influence is measured at fair value and the fair value adjustment is recognised in the income statement under financial items.

Fair value of shares, bonds, etc, are recognised on the trade date at fair value and are subsequently measured at market price as regards listed securities and at an estimated fair value as regards other equity investments.

REPORTS

MANAGEMENT'S STATEMENT

The Executive Board and the Board of Directors have today considered and adopted the Annual Report of A.P. Møller Holding A/S for the financial year 1 January – 31 December 2017.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review 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 at 31 December 2017 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for 2017.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company.

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

Copenhagen, 24 April 2018

Executive Board

Robert Mærsk Uggla

Martin Nørkjær Larsen

Board of Directors

Ane Mærsk Mc-Kinney Uggla
Chairman

Peter Straarup

Jan Leschly

Lars-Erik Brenøe

INDEPENDENT AUDITOR'S REPORT

To the shareholder of A.P. Møller Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2017 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2017 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of A.P. Møller Holding 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 a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

Copenhagen, 24 April 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mogens Nørgaard Mogensen	**Thomas Wraae Holm**
State Authorised Public Accountant	State Authorised Public Accountant
MNE-number 21404	MNE-number 30141