Weco A/S

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 1 January - 31 December 2017

CVR No 29 62 28 68

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15/6 2018

Rasmus Lund-Jacobsen
Chairman of the General Meeting

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Management’s Statement

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

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Rungsted Kyst, 15 June 2018

Executive Board

Oluf Myhrmann

Board of Directors

Johan Wedell-Wedellsborg Chairman	Oluf Myhrmann	Rasmus Lund-Jacobsen

Independent Auditor's Report

To the Shareholder of Weco A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 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 Weco 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 consolidated statement of cash flows ("the 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 Financials Statements Act.

Independent Auditor's Report

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the 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 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

Independent Auditor's Report

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

Hellerup, 15 June 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff	Mark Philip Beer
State Authorised Public Accountant	State Authorised Public Accountant
mne30221	mne29472

Company Information

The Company	Weco A/S Rungsted Strandvej 113 DK-2960 Rungsted Kyst Telephone: + 45 45 17 77 77 CVR No: 29 62 28 68 Financial period: 1 January - 31 December Municipality of reg. office: Hørsholm
Board of Directors	Johan Wedell-Wedellsborg, Chairman Oluf Myhrmann Rasmus Lund-Jacobsen
Executive Board	Oluf Myhrmann
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2017	2016	2015	2014	2013
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	830,005	958,515	1,348,267	804,595	691,315
Operating profit/loss	-121,852	-137,078	-119,591	-37,428	-39,986
Profit/loss before financial income and expenses	-110,747	-86,476	-104,370	-25,042	-32,075
Net financials	106,212	213,283	260,296	82,179	165,679
Net profit/loss for the year	-3,769	126,879	149,879	54,474	135,210
Balance sheet					
Balance sheet total	1,544,925	1,797,895	1,837,522	1,626,888	1,292,089
Equity	1,085,976	1,222,544	1,017,740	875,976	814,736
Cash flows					
Cash flows from:					
- operating activities	-85,364	41,077	23,473	21,058	-1,249
- investing activities	233,525	122,773	131,311	-279,881	128,930
including investment in property, plant and equipment	-10,552	0	-95,390	-447,248	-26,217
- financing activities	-143,958	-106,924	-139,112	209,254	-76,811
Change in cash and cash equivalents for the year	4,203	56,926	15,672	-49,569	50,870
Number of employees	85	110	199	213	195

Financial Highlights

	Group				
	2017	2016	2015	2014	2013
	TDKK	TDKK	TDKK	TDKK	TDKK
Ratios					
Gross margin	1.9 %	9.6 %	7.1 %	9.3 %	10.6 %
Profit margin	-13.3 %	-9.0 %	-7.7 %	-3.1 %	-4.6 %
Return on assets	-7.2 %	-4.8 %	-5.7 %	-1.5 %	-2.5 %
Solvency ratio	70.3 %	68.0 %	55.4 %	53.8 %	63.1 %
Return on equity	-0.3 %	11.3 %	15.8 %	6.4 %	16.6 %

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to accounting policies because of changes in the Danish financial statements act, the comparative figures back from 2015 have not been restated.

Management's Review

Key activities

The primary activity of the Group is shipping operations, and the group has a portfolio of equity investments in biotech, properties and the food & beverage segment, as well as other securities.

Development in the year

The income statement of the Group for 2017 shows a loss of TDKK 3,769, and at 31 December 2017 the balance sheet of the Group shows equity of TDKK 1,085,976.

Due to challenging market conditions, the Board of Directors in March 2017 decided to close the transatlantic RoRo service, and the company's Ro/Ro vessels will in the future operate in the charter market were more stable earnings are expected. Weco Shipping's 50% shares in Stena Weco were in March 2017 sold to Stena Bulk. The Tanker vessels owned and chartered by Weco Shipping will continue to be commercially managed by Stena Bulk.

The past year and follow-up on development expectations from last year

Results for the year are in line with the expectations expressed in the Annual Report for 2016

Result for the year were negatively impacted by the closure of the RoRo liner service with completion of schedules for the two vessels, as well as severances payments and other termination costs. Affecting the results were also a negative USD currency adjustment of a EUR loan for one vessel, as well as impairment of another vessel sold for scrap. The tanker freight rates deteriorated during the year, which resulted in losses on the tanker vessels. Weco Bulk continued its growth with opening of a Houston office, and delivered a positive result for the year. The investments outside shipping contributed positively to the result.

Management's Review

Special risks - operating risks and financial risks

Market risks

Revenues from the shipping operations are linked to global market trends, which through demand fluctuations affect freight rates as well as prices of tonnage and fuel. Management continuously assesses the extent to which it is relevant to take measures against these market fluctuations, e.g. through long term contracts.

International provisions imply that in case of a maritime accident that results in oil or chemical spillage, the Group will be imposed heavy financial liabilities in terms of the clean-up work. To reduce this risk, the widest possible insurance coverage has been taken out, comprising environmental and pollution coverage, coverage of the value of vessel and cargo, liability coverage as regards third parties and war risk insurance.

The Group's portfolio of securities is managed by external partners based on a risk profile defined by Management. Efforts are made to reduce the overall risk through a combination of Danish and foreign shares and bonds.

The Group's property portfolio is generally affected by developments in the Danish property market. Except for the Group's headquarters, the portfolio comprises only residential properties.

Interest rate risks

The interest rate risk on floating-rate loans is to a limited extent hedged by interest rate swaps converting the floating interest rate to a fixed interest rate.

Currency risks

Most of the income from shipping activities is in USD and EUR with most operational expenses as well as financial expenses being in USD, and administrational expenses being in USD and DKK. One vessel has EUR loan, which creates a currency risk for the company, as the asset is registered in the USD reporting currency for Weco Shipping.

Targets and expectations for the year ahead

After the sale of the Project division in 2016 and the closure of the RoRo liner service in 2017, management expects more stable earnings from the shipping operations going forward. The Project and RoRo vessels are on charter contracts for the duration of 2018, and the Tanker vessels continues in commercial management with Stena. Management expects to continue the profitable growth of Weco Bulk, while continuously managing exposure to market risks. A positive contribution is also expected from investments outside shipping.

Management's Review

Basis of earnings

Research and development

The Group is not involved in research and development activities.

Intellectual capital resources

Through retention and recruitment of new competences, as well as through cooperation, alliances and education, the intellectual capital resources which are major parameters in the development and perfection of new services increase.

The Group has defined goals, positions and strategies that systematically strengthen the value creation and form the basis of the Group's innovative skills, just as it is important to the future success of the Group to attract and retain well-educated employees who identify with the stated core values. Therefore, heavy investments are made to continuously improve the qualifications of both the land-based and offshore staff of the Group.

Annual performance reviews are held with all employees. During the reviews, the employees' goals, plans for the future and career opportunities are discussed and planned.

Statement in compliance with section 99 (a) of the Danish Financial Statements Act

The Group has no formalized policies on climate change and human rights.

Statement in compliance with section 99 (b) of the Danish Financial Statements Act

Target for the underrepresented gender on the Board of Directors

The Weco Shipping Group has due to regulation set a new target for having a minimum of 40% of each gender on the Board of Directors in 2018. Despite the continuous efforts to improve the gender equality among the members of the Board of Directors, the Group has been unable to attract qualified persons of the underrepresented gender. Therefore, the current status of the underrepresented gender is 0%. The target was set in 2014.

Management's Review

Policy for increasing the number of women on other management levels

At other management levels in the Group, the representation is approximately 30% women and 70% men.

The Weco Shipping Group has an overall policy of recruiting the best suited employees for any given position, irrespective of gender. In order to ensure the broadest possible recruitment basis, continuous efforts also in 2017 were made to create working conditions and a corporate culture that attract and retain qualified employees across gender, nationality and other criteria without importance to the performance.

In 2017, The Weco Shipping Group continued to try to optimize the use of its employee resources by giving everybody equal opportunities of developing professionally and career-wise at all levels.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2017	2016	2017	2016
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**830,005**	**958,515**	**0**	**0**
Other operating income		11,105	50,602	0	0
Vessel operating costs		-795,884	-877,170	0	0
Other external expenses		-29,795	-39,953	-15,179	-2,704
Gross profit/loss		**15,431**	**91,994**	**-15,179**	**-2,704**
Staff expenses	2	-77,805	-70,316	-1,147	-788
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-48,373	-108,154	-1,862	-2,718
Profit/loss before financial income and expenses		**-110,747**	**-86,476**	**-18,188**	**-6,210**
Income from investments in subsidiaries	4	0	0	-29,752	-68,630
Income from investments in associates	5	152,322	33,598	-13,822	-8,808
Financial income	6	15,159	207,726	16,512	200,959
Financial expenses	7	-61,269	-28,041	-2,019	-1,841
Profit/loss before tax		**-4,535**	**126,807**	**-47,269**	**115,470**
Tax on profit/loss for the year	8	766	72	0	499
Net profit/loss for the year		**-3,769**	**126,879**	**-47,269**	**115,969**

Balance Sheet 31 December

Assets

	Note	Group 2017 TDKK	Group 2016 TDKK	Parent Company 2017 TDKK	Parent Company 2016 TDKK
Goodwill		896	1,791	896	1,791
Intangible assets	9	**896**	**1,791**	**896**	**1,791**
Land and buildings	10	29,492	50,601	0	0
Investment properties	11	5,306	5,306	0	0
Other fixtures and fittings, tools and equipment	10	47,167	44,914	38,099	33,222
Vessels	10	608,085	723,383	0	0
Property, plant and equipment		**690,050**	**824,204**	**38,099**	**33,222**
Investments in subsidiaries	12	0	0	725,694	836,586
Investments in associates	13	288,586	347,681	49,475	17,971
Other investments	14	136,912	155,679	132,719	123,326
Fixed asset investments		**425,498**	**503,360**	**907,888**	**977,883**
Fixed assets		**1,116,444**	**1,329,355**	**946,883**	**1,012,896**
Bunkers and lube oil		9,199	10,920	0	0
Inventories		**9,199**	**10,920**	**0**	**0**
Trade receivables		43,367	37,622	0	0
Receivables from group enterprises		0	0	47,678	59,450
Receivables from associates		35,754	28,445	4,816	12,056
Other receivables		64,544	111,901	11,973	6,929
Corporation tax		1,234	528	591	308
Prepayments		23,724	31,033	0	17,490
Receivables		**168,623**	**209,529**	**65,058**	**96,233**
Current asset investments	15	**68,535**	**70,170**	**68,535**	**70,170**
Cash at bank and in hand		**182,124**	**177,921**	**43,761**	**61,778**
Currents assets		**428,481**	**468,540**	**177,354**	**228,181**
Assets		**1,544,925**	**1,797,895**	**1,124,237**	**1,241,077**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent Company	
	Note	2017	2016	2017	2016
		TDKK	TDKK	TDKK	TDKK
Share capital		50,000	50,000	50,000	50,000
Revaluation reserve		4,064	4,064	0	0
Reserve for net revaluation under the equity method		47,513	45,643	497,514	624,716
Retained earnings		924,989	1,098,923	479,052	523,914
Equity attributable to shareholders of the Parent Company		**1,026,566**	**1,198,630**	**1,026,566**	**1,198,630**
Minority interests		59,410	23,914	0	0
Equity	16	**1,085,976**	**1,222,544**	**1,026,566**	**1,198,630**
Provision for deferred tax		774	798	0	0
Provisions relating to investments in group enterprises		0	0	6,920	0
Provisions relating to investments in associates		5,858	767	5,858	709
Provisions		**6,632**	**1,565**	**12,778**	**709**
Mortgage loans		13,760	14,211	0	0
Lease obligations		291,648	252,100	0	0
Other payables		15,752	19,328	0	0
Long-term debt	18	**321,160**	**285,639**	**0**	**0**

Balance Sheet 31 December *(continued)*

Liabilities and equity

		Group		Parent Company	
	Note	2017	2016	2017	2016
		TDKK	TDKK	TDKK	TDKK
Mortgage loans	18	451	421	0	0
Credit institutions		0	147,968	0	0
Lease obligations	18	21,851	18,720	0	0
Prepayments received from customers		11,469	12,682	0	0
Trade payables		28,409	51,240	0	331
Payables to group enterprises		0	0	33,527	28,457
Payables to associates		399	13	0	0
Other payables	18	68,578	57,103	51,366	12,950
Short-term debt		**131,157**	**288,147**	**84,893**	**41,738**
Debt		**452,317**	**573,786**	**84,893**	**41,738**
Liabilities and equity		**1,544,925**	**1,797,895**	**1,124,237**	**1,241,077**

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Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	50,000	4,064	45,643	1,098,923	1,198,630	23,914	1,222,544
Exchange adjustments	0	0	-24,357	-65,495	-89,852	-5,180	-95,032
Ordinary dividend paid	0	0	0	0	0	-2,824	-2,824
Extraordinary dividend paid	0	0	0	-35,000	-35,000	0	-35,000
Changes in equity in subsidiaries and associates	0	0	0	867	867	0	867
Other equity movements	0	0	80,486	-81,296	-810	0	-810
Net profit/loss for the year	0	0	-54,259	6,990	-47,269	43,500	-3,769
Equity at 31 December	**50,000**	**4,064**	**47,513**	**924,989**	**1,026,566**	**59,410**	**1,085,976**

Statement of Changes in Equity

Parent Company

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	50,000	0	624,716	523,914	1,198,630	0	1,198,630
Exchange adjustments	0	0	-86,858	-2,994	-89,852	0	-89,852
Extraordinary dividend paid	0	0	0	-35,000	-35,000	0	-35,000
Changes in equity in subsidiaries and associates	0	0	0	867	867	0	867
Other equity movements	0	0	-4,717	3,907	-810	0	-810
Net profit/loss for the year	0	0	-35,627	-11,642	-47,269	0	-47,269
Equity at 31 December	**50,000**	**0**	**497,514**	**479,052**	**1,026,566**	**0**	**1,026,566**

Cash Flow Statement 1 January - 31 December

	Note	Group 2017	Group 2016
		TDKK	TDKK
Net profit/loss for the year		-3,769	115,969
Adjustments		-68,635	-60,898
Change in working capital		33,104	-95,415
Cash flows from operating activities before financial income and expenses		**-39,300**	**-40,344**
Financial income		15,158	108,645
Financial expenses		-61,258	-28,041
Cash flows from ordinary activities		**-85,400**	**40,260**
Corporation tax paid		36	817
Cash flows from operating activities		**-85,364**	**41,077**
Purchase of intangible assets		0	-5,075
Purchase of property, plant and equipment		-10,552	0
Fixed asset investments made etc		-129,129	-43,820
Sale of property, plant and equipment		12,312	103,008
Sale of fixed asset investments etc		356,269	0
Dividends received from associates		4,625	68,660
Cash flows from investing activities		**233,525**	**122,773**
Repayment of mortgage loans		-421	-892
Repayment of loans from credit institutions		-147,968	-72,164
Reduction of lease obligations		42,679	-17,474
Repayment of payables to associates		386	-14,525
Minority interests		0	-10,910
Other equity entries		-810	10,167
Dividend paid		-37,824	-1,126
Cash flows from financing activities		**-143,958**	**-106,924**
Change in cash and cash equivalents		**4,203**	**56,926**
Cash and cash equivalents at 1 January		177,921	120,995
Cash and cash equivalents at 31 December		**182,124**	**177,921**
Cash at bank and in hand		182,124	177,921
Cash and cash equivalents at 31 December		**182,124**	**177,921**

Notes to the Financial Statements

		Group		Parent Company	
		2017	2016	2017	2016
		TDKK	TDKK	TDKK	TDKK
1	**Revenue**				
	Geographical segments				
	Globally	830,005	958,515	0	0
		830,005	**958,515**	**0**	**0**
	Business segments				
	Freight income	339,312	212,019	0	0
	Time charter	487,876	446,914	0	0
	Line service	2,817	299,582	0	0
		830,005	**958,515**	**0**	**0**
2	**Staff expenses**				
	Wages and salaries	70,536	60,093	799	689
	Pensions	2,026	4,917	69	84
	Other social security expenses	1,267	1,023	30	15
	Other staff expenses	3,976	4,283	249	0
		77,805	**70,316**	**1,147**	**788**
	Average number of employees	**85**	**110**	**2**	**2**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Notes to the Financial Statements

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2017 TDKK	2016 TDKK	2017 TDKK	2016 TDKK
Amortisation of intangible assets	895	116,841	895	2,718
Depreciation of property, plant and equipment	35,884	-33,628	967	-1,751
Impairment of intangible assets	0	1,751	0	1,751
Gain and loss on disposal	11,594	23,190	0	0
	48,373	**108,154**	**1,862**	**2,718**

4 Income from investments in subsidiaries

			2017 TDKK	2016 TDKK
Share of profits of subsidiaries			-31,249	-68,630
Profit from sale			1,497	0
			-29,752	**-68,630**

5 Income from investments in associates

	2017 TDKK	2016 TDKK	2017 TDKK	2016 TDKK
Share of result of associates	-48,785	-23,029	-12,372	-8,808
Amortisation of goodwill	-3,053	11,930	-1,450	0
Gain on sale of investments in associates	204,160	62,823	0	0
Loss on sale of investments in associates	0	-18,126	0	0
	152,322	**33,598**	**-13,822**	**-8,808**

Notes to the Financial Statements

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK

6 Financial income

Income from fixed asset investments	9,709	191,666	12,266	186,197
Interest received from group enterprises	0	0	806	572
Other financial income	5,450	16,060	3,440	13,810
Exchange adjustments	0	0	0	380
	15,159	**207,726**	**16,512**	**200,959**

7 Financial expenses

Impairment losses on financial assets	0	3,398	0	0
Interest paid to group enterprises	0	0	631	387
Other financial expenses	23,793	24,643	1,229	1,454
Exchange loss	37,476	0	159	0
	61,269	**28,041**	**2,019**	**1,841**

8 Tax on profit/loss for the year

Current tax for the year	-742	-228	0	-1
Deferred tax for the year	-24	156	0	0
Adjustment of tax concerning previous years	0	0	0	-498
	-766	**-72**	**0**	**-499**

Notes to the Financial Statements

9 Intangible assets

Group

	Goodwill
	TDKK
Cost at 1 January	3,542
Cost at 31 December	3,542
Impairment losses and amortisation at 1 January	1,751
Amortisation for the year	895
Impairment losses and amortisation at 31 December	2,646
Carrying amount at 31 December	**896**
Amortised over	5 years

Parent Company

	Goodwill
	TDKK
Cost at 1 January	3,542
Cost at 31 December	3,542
Impairment losses and amortisation at 1 January	1,751
Amortisation for the year	895
Impairment losses and amortisation at 31 December	2,646
Carrying amount at 31 December	**896**
Amortised over	5 years

Notes to the Financial Statements

10 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Vessels
	TDKK	TDKK	TDKK
Cost at 1 January	47,625	60,392	944,257
Exchange adjustment	0	0	-113,145
Additions for the year	0	9,658	894
Disposals for the year	-21,000	-4,179	0
Cost at 31 December	26,625	65,871	832,006
Revaluations at 1 January	4,064	0	0
Revaluations at 31 December	4,064	0	0
Impairment losses and depreciation at 1 January	1,088	15,478	220,874
Exchange adjustment	0	896	-30,020
Depreciation for the year	109	2,817	33,067
Impairment and depreciation of sold assets for the year	0	-487	0
Impairment losses and depreciation at 31 December	1,197	18,704	223,921
Carrying amount at 31 December	**29,492**	**47,167**	**608,085**
Depreciated over	20 - 100 years	3 - 10 years	2 - 25 years
Including assets under finance leases amounting to	0	0	415,601

Notes to the Financial Statements

10 Property, plant and equipment (continued)

Parent Company

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	34,191
Additions for the year	7,974
Disposals for the year	-2,130
Cost at 31 December	40,035
Impairment losses and depreciation at 1 January	969
Depreciation for the year	967
Impairment losses and depreciation at 31 December	1,936
Carrying amount at 31 December	**38,099**
Depreciated over	7 years

11 Assets measured at fair value

	Group
	Investment properties
	TDKK
Cost at 1 January	5,178
Cost at 31 December	5,178
Value adjustments at 1 January	128
Value adjustments at 31 December	128
Carrying amount at 31 December	**5,306**

Notes to the Financial Statements

	Parent Company	
	2017	2016
	TDKK	TDKK
12 Investments in subsidiaries		
Cost at 1 January	199,537	185,511
Additions for the year	5,015	14,026
Disposals for the year	-173	0
Cost at 31 December	204,379	199,537
Value adjustments at 1 January	637,049	695,558
Disposals for the year	-213	0
Exchange adjustment	-86,858	25,972
Net profit/loss for the year	-31,249	-68,630
Dividend to the Parent Company	0	-54,478
Other equity movements, net	-4,334	38,627
Value adjustments at 31 December	514,395	637,049
Equity investments with negative net asset value transferred to provisions	6,920	0
Carrying amount at 31 December	**725,694**	**836,586**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Weco Shipping A/S	Hørsholm, Denmark	TDKK 35,000	100 %
Weco Biotech ApS	Hørsholm, Denmark	TDKK 200	73 %
Weco-Properties ApS	Hørsholm, Denmark	TDKK 10,000	100 %
Weco LIT ApS	Hørsholm, Denmark	TDKK 1,000	75 %
WF&B ApS	Hørsholm, Denmark	TDKK 50	100 %
WI 2017 ApS	Hørsholm, Denmark	TDKK 100	100 %

Notes to the Financial Statements

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
13 Investments in associates				
Cost at 1 January	302,038	107,822	30,304	20,975
Additions for the year	124,358	241,632	42,972	17,148
Disposals for the year	-185,323	-47,416	0	-7,819
Cost at 31 December	241,073	302,038	73,276	30,304
Value adjustments at 1 January	42,079	191,623	-14,348	-9,758
Disposals for the year	0	-113,528	0	4,218
Exchange adjustment	-24,357	7,991	-1,106	0
Net profit/loss for the year	-48,875	-23,029	-12,372	-8,808
Dividends received	-4,625	-68,660	0	0
Other equity movements, net	80,486	59,612	-383	0
Amortisation of goodwill	-3,053	-11,930	-1,450	0
Value adjustments at 31 December	41,655	42,079	-29,659	-14,348
Equity investments with negative net asset value amortised over receivables	0	2,797	0	1,306
Equity investments with negative net asset value transferred to provisions	5,858	767	5,858	709
Carrying amount at 31 December	**288,586**	**347,681**	**49,475**	**17,971**
Remaining positive difference included in the above carrying amount at 31 December	12,694	13,779	16,971	13,799

Notes to the Financial Statements

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Northern Medical Group A/S	Hørsholm, Denmark	TDKK 1,400	50 %
Kronborg Shipping K/S	Hørsholm, Denmark	TDKK 40,000	72 %
Kronborg Management ApS	Hørsholm, Denmark	TDKK 1,000	72 %
Stenwec I P/S	Hellerup, Denmark	TDKK 500	50 %
Komplementarselskabet Stenwec ApS	Hellerup, Denmark	TDKK 50	50 %
Weco Properties Kløvervænget A/S	Gentofte, Denmark	TDKK 500	46 %
Medusa Denmark A/S	Hørsholm, Denmark	TEUR 1,100	50 %
N S Line ApS	Hørsholm, Denmark	TDKK 125	50 %
Thaiden Maritime Ltd.	Thailand		49 %
Majool Artclub ApS	Copenhagen, DK	TDKK 120	33 %
Cajool Artclub ApS	Hørsholm, Denmark	TDKK 100	40 %
Y-mAbsTherapeutics Inc.	USA	TUSD 26.750	25 %

All foreign associates are recognised and measured as separate entities.

Notes to the Financial Statements

14 Other fixed asset investments

	Group	Parent Company
	Other investments	Other investments
	TDKK	TDKK
Cost at 1 January	31,783	15,506
Additions for the year	4,771	271
Disposals for the year	-13,789	0
Cost at 31 December	22,765	15,777
Revaluations at 1 January	123,896	107,820
Dividend received	-15,846	-3,144
Revaluations for the year	6,097	12,266
Revaluations at 31 December	114,147	116,942
Carrying amount at 31 December	**136,912**	**132,719**

15 Current asset investments

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
Shares and bonds	68,535	70,170	68,535	70,170
	68,535	**70,170**	**68,535**	**70,170**

16 Equity

The share capital consists of 50,000 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK

17 Distribution of profit

	Group 2017 TDKK	Group 2016 TDKK	Parent Company 2017 TDKK	Parent Company 2016 TDKK
Extraordinary dividend paid	35,000	3,000	35,000	3,000
Reserve for net revaluation under the equity method	-54,259	-206,008	-35,627	-121,063
Minority interests' share of net profit/loss of subsidiaries	43,500	10,910	0	0
Retained earnings	-28,010	318,977	-46,642	234,032
	-3,769	**126,879**	**-47,269**	**115,969**

18 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans

	Group 2017 TDKK	Group 2016 TDKK	Parent Company 2017 TDKK	Parent Company 2016 TDKK
After 5 years	12,291	12,344	0	0
Between 1 and 5 years	1,469	1,867	0	0
Long-term part	13,760	14,211	0	0
Within 1 year	451	421	0	0
	14,211	**14,632**	**0**	**0**

Lease obligations

	Group 2017 TDKK	Group 2016 TDKK	Parent Company 2017 TDKK	Parent Company 2016 TDKK
After 5 years	45,521	0	0	0
Between 1 and 5 years	246,127	252,100	0	0
Long-term part	291,648	252,100	0	0
Within 1 year	21,851	18,720	0	0
	313,499	**270,820**	**0**	**0**

Notes to the Financial Statements

18 Long-term debt (continued)

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
Other payables				
After 5 years	10,715	13,601	0	0
Between 1 and 5 years	5,037	5,727	0	0
Long-term part	15,752	19,328	0	0
Within 1 year	1,260	1,893	0	0
Other short-term payables	67,318	55,210	51,366	12,950
Short-term part	68,578	57,103	51,366	12,950
	84,330	**76,431**	**51,366**	**12,950**

19 Contingent assets, liabilities and other financial obligations

Security

The Group has provided security for vessel-related debt totaling DKK 0k (2016: DKK 147,968k) by way of mortgages on the Group's vessels. The total carrying amount of the vessels concerned is DKK 0k (2016: DKK 718,546k).

The Group has provided security for mortgage debt totaling DKK 14,211k (2016: 15,093k) by way of mortgages on the Company's properties. The total carrying amount of the properties concerned is DKK 29,492k (2016: DKK 29,601k).

The Group has placed security for group companies' debt of DKK 125,000k (2016: DKK 0k).

The Group has placed security for associated companies' debt of DKK 84,118k (2016: DKK 20,948k).

The parent company has placed security for associated debt of DKK 18,937k (2016: DKK 20,948k).

Notes to the Financial Statements

19 Contingent assets, liabilities and other financial obligations (continued)

Rental agreements and leases

The Group has entered into operating lease agreements with a total future lease payment of DKK 2,590k (2016: DKK 19,342k).

Contigent liabilities

The Group's contractual obligations relating to short-term chartering of vessels total DKK 876,378k (2016: DKK 785,978k).

The Group has entered agreements on acquisition of vessels as well as shares of vessels for a total amount of DKK 260,723k (2016: DKK 346,137k).

Other contingent liabilities

There is a residual liability corresponding to the Group's share of the non-paid capital totalling DKK 13,657k (2016: DKK 25,200k) tied to the Group's investment in an associate.

As part of the ordinary shipping liner operations, the Group regularly receives loading claims from customers. The individual claims are provided for in the Financial Statements based on an individual assessment.

The Danish Group companies are jointly and severally liable for the tax on the Group's jointly taxed income.

At the withdrawal from the tonnage tax regime, a tax liability totaling DKK 49,041 is incumbent on the Group.

20 Fee to auditors appointed at the general meeting

	Group		Parent Company	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
Audit fee to PricewaterhouseCoopers	674	853	55	42
Tax advisory services	477	605	185	85
Non-audit services	528	409	186	107
	1,679	**1,867**	**426**	**234**

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Weco A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2017 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Weco A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

Notes to the Financial Statements

21 Accounting Policies (continued)

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

21 Accounting Policies (continued)

Translation policies

DKK is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Segment reporting

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Vessel operating costs

Vessel operating costs comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

21 Accounting Policies (continued)

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment together with gains and losses on the sale of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year less goodwill amortisation.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

21 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5-10 years.

Investment properties and other property, plant and equipment

Investment properties

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition.

After the initial recognition investment properties are measured at fair value.

The fair value of certain investment properties has been determined at 31 December 2017 by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc.

Other property, plant and equipment

Other property, plant and equipment are measured at cost added revaluations and less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	20 - 100 years
Other fixtures and fittings, tools and equipment	3 - 10 years
Vessels	2 - 25 years

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

21 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items“Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Current and fixed asset investments

Other investments, recognised as current and fixed asset investments, consist of shares and bonds that are measured at their fair value at the balance sheet date.

Bunkers and lube oil

Bunkers and lube oil are measured at the lower of cost under the FIFO method and net realisable value.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning time charter, insurance premiums, etc.

Notes to the Financial Statements

21 Accounting Policies (continued)

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\dfrac{\text{Gross profit}}{\text{Revenue}}$
Profit margin	$\dfrac{\text{Profit before financials}}{\text{Revenue}}$
Return on assets	$\dfrac{\text{Profit before financials}}{\text{Total assets}}$
Solvency ratio	$\dfrac{\text{Equity at year end}}{\text{Total assets at year end}}$
Return on equity	$\dfrac{\text{Net profit for the year}}{\text{Average equity}}$