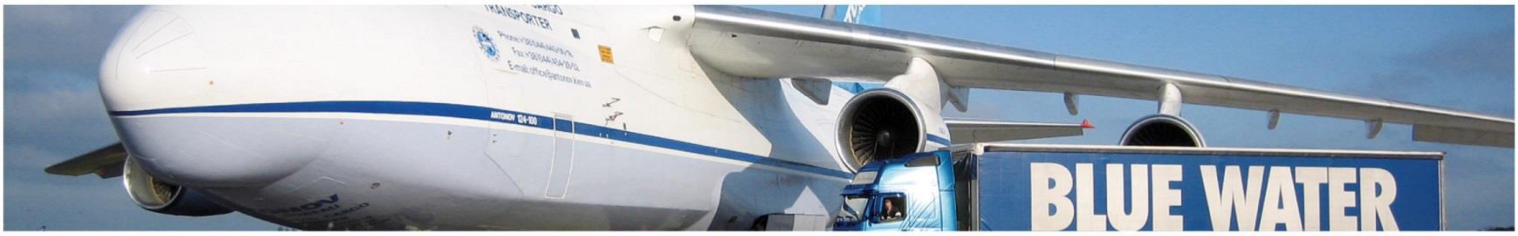



# BLUE WATER HOLDING A/S

## ANNUAL REPORT 2017 | CVR NO: 30 58 40 66

BLUE WATER SHIPPING

## Contents

## Entity details

**ENTITY**
Blue Water Holding A/S
Trafikhavnskaj 9
6700 Esbjerg

| | |
|---|---|
| CVR No: | 30584066 |
| Registered in: | Esbjerg |
| Financial year: | 01.01.2017 - 31.12.2017 |

| | |
|---|---|
| Phone: | (+45)79134144 |
| Fax: | (+45)79451344 |
| Website: | www.bws.dk |
| E-mail: | bwsebj@bws.dk |

**BOARD OF DIRECTORS**
Kurt Skov, chairman
Niels Stie Kaalund,
Jørgen Meyer
Preben Møller Nielsen
Peter Damsboe

**EXECUTIVE BOARD**
Søren Nørgaard Thomsen
Allan Vahlun Junge Pedersen

**AUDITORS**
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postboks 200
6700 Esbjerg

The annual General Meeting adopted the annual report on 24.05.2018

**Chairman of the General Meeting**

Name: NIELS KAALUND

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Blue Water Holding A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the consolidated financial statements give a true and fair view of the Group's and the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 24.05.2018

**EXECUTIVE BOARD**

Søren Nørgaard Thomsen

Allan Vahlun Junge Pedersen

**BOARD OF DIRECTORS**

Kurt Skov
Chairman

Niels Sue Kaalund

Jørgen Meyer

Preben Møller Nielsen

Peter Damsboe

## Independent auditor's report

**To the shareholders of Blue Water Holding A/S**

### OPINION

We have audited the consolidated financial statements and the parent financial statements of Blue Water Holding A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

**Management's responsibility for the consolidated financial statements and parent financial statements**

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibility for the audit of the consolidated financial statements and the parent financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**STATEMENT ON THE MANAGEMENT COMMENTARY**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Esbjerg, 24.05.2018

**Deloitte**

Statsautoriseret Revisionspartnerselskab
CVR-No. 33963556

Jørn Jepsen
State Authorised Public Accountant
Identification number (MNE) mne24824

Peder Rene Pedersen
State Authorised Public Accountant
Identification number (MNE) mne23334

# Oil, Gas & Industrial Projects

# Management commentary

## FINANCIAL HIGHLIGHTS

| Key figures (DKK'000) | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Revenue | 5.200.113 | 5.198.009 | 5.000.808 | 4.980.292 | 4.482.875 |
| Gross profit/loss | 688.766 | 690.470 | 650.965 | 642.480 | 518.958 |
| Operating profit/loss | (67.588) | 28.970 | (3.934) | 64.093 | 48.803 |
| Net financials | (24.188) | (18.540) | (10.389) | (890) | (14.036) |
| Profit/loss for the year | (76.323) | 1.112 | (14.674) | 46.926 | 23.565 |
| Total assets | 1.642.193 | 1.545.075 | 1.432.739 | 1.348.438 | 1.261.991 |
| Investments in property, plant and equipment | 45.798 | 98.874 | 142.202 | 38.129 | 45.099 |
| Equity incl minority interests | 192.165 | 262.632 | 268.453 | 277.959 | 241.798 |
| Interest – bearing debt, net | 292.714 | 207.454 | 137.833 | 10.548 | 41.936 |
| Cash flows from (used in) operating activities | (33.438) | 28.804 | 15.106 | 57.303 | 28.671 |
| Cash flows from (used in) investing activities | (45.704) | (91.630) | (143.200) | (37.481) | (61.230) |
| Cash flows from (used in) financing activities | (15.354) | 92.769 | 54.986 | (12.743) | 23.756 |

### Ratios

| | | | | | |
|---|---|---|---|---|---|
| Gross margin (%) | 13,2 | 13,3 | 13,0 | 12,9 | 11,6 |
| Financial gearing (%) | 1,5 | 0,8 | 0,5 | 0,0 | 0,2 |
| Return on equity (%) | (33,6) | 0,4 | (5,4) | 18,1 | 10,2 |

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

| Ratios | Calculation Formula | Ratios reflect |
|---|---|---|
| **Gross Margin (%)** | Gross profit x 100 / Revenue | The Entity's operating gearing. |
| **Financial gearing** | Net interest-bearing debt / Equity | The Entity's financial gearing. |
| **Return on equity (%)** | Profit/loss for the year x 100 / Average equity | The Entity's return on capital invested in the Entity by the owners. |

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

## Management commentary

### PRIMARY ACTIVITIES

The Company's activity is to invest in shares and other securities. The Group's activities comprise international transport, freight forwarding and logistic services.

### DEVELOPMENT IN ACTIVITIES AND FINANCES

The Company's income statement for the financial year 01.01.2017 - 31.12.2017 shows a financial loss of DKK 76,323k compared to last year's profit of DKK 1,112k, and the Company's equity at 31.12.2017 totals DKK 190,027k.

The Group´s activities have been stable over the year, however earnings have developed negatively.

Management considers the financial performance for the year to be unsatisfactory.

Performance for the year is affected by total losses of approx. DKK 50m from the Group's Danish and Nordic activities - primarily related to implementation of the new freight terminal in Taulov and implementation of a new Transport Management System (TMS).

The performance from the Group´s oil-, project- and harbour related activities is affected by total losses of DKK 45m due to project start-up costs, retaining and increasing competences to meet future projects demands despite continued low activity level in the oil and energy sector.

The Group has launched and started implementation of a new global IT applications strategy in 2016 and 2017 and will over the next two years reduce the number of stand-alone IT systems to fewer integrated IT platforms in order to improve the efficiency of business processes and routines.

Performance for the year is affected by DKK 25m from implementation of the new global IT applications strategy.

### OUTLOOK

During 2016 and 2017 the Group has secured major contracts in relation to the oil and energy sector. The projects will take place in 2018-2020 and will have a significant positive impact on the Group´s result in 2018-2020.

In general, the results for 2018 will be positively affected by: Less project start-up costs and an increase in activity level in the oil and energy sector, final implementation of the Taulov terminal, continuously implementation of the new TMS including improvement of efficiency from new business processes and routines across the Group.

The performance in 2018 will be affected by approx. DKK 30m from continued implementation of the new global IT applications strategy.

Management is regularly adapting operations and the organisation to the market and is expecting a profit of DKK 20-30m and a positive cashflow in 2018.

## Management commentary

### RISK MANAGEMENT

The Group is exposed to risks arising from the Group's global presence. The overall risk management is based on a risk management model under which the main risks are assessed. An overview is reviewed by the Board of Directors and the Executive Board.

### PARTICULAR RISKS

**Operating risks/economic development**

The Group is dependent on the general development in the geographical areas where the group is present. The Group's activities are influenced by the total market volume available for transport in each product segment throughout the Group’s Nordic market as well as in relevant overseas markets – and specifically in the product segments of oil, energy and perishables.

The Group's business concept is based on an asset-light way of thinking, ensuring an operational flexibility, which facilitates adjustments of operating expenses to the Group's overall level of activity.

Furthermore, the Group's activities are spread globally and on the different client segments, which makes it possible to neutralise negative effects.

**Damages to goods**

In connection with damages to goods, the Group may be held liable. The risk will be covered through contractual relationship with clients and subcontractors, through determination of maximum compensation for major transport projects and via the Group's insurance policy.

In addition, the Group has heavy focus on delivery of the agreed quality to clients from subcontractors and in this connection minimisation of defects before, during and after the execution of the transport assignments.

**IT**

Access to efficient and reliable IT systems is an essential precondition for the execution of the Group's activities. Through IT safety policies and agreed minimum requirements for hardware and important software applications, The Group focuses on securing a high level of reliability and operational uptime. The Group continuously develops software applications for fulfilling the clients' requirements and needs in connection with the execution of the transport assignments. Focus on process optimisation ensures optimal workflow in the software applications and efficient and competitive execution of the transport assignments.

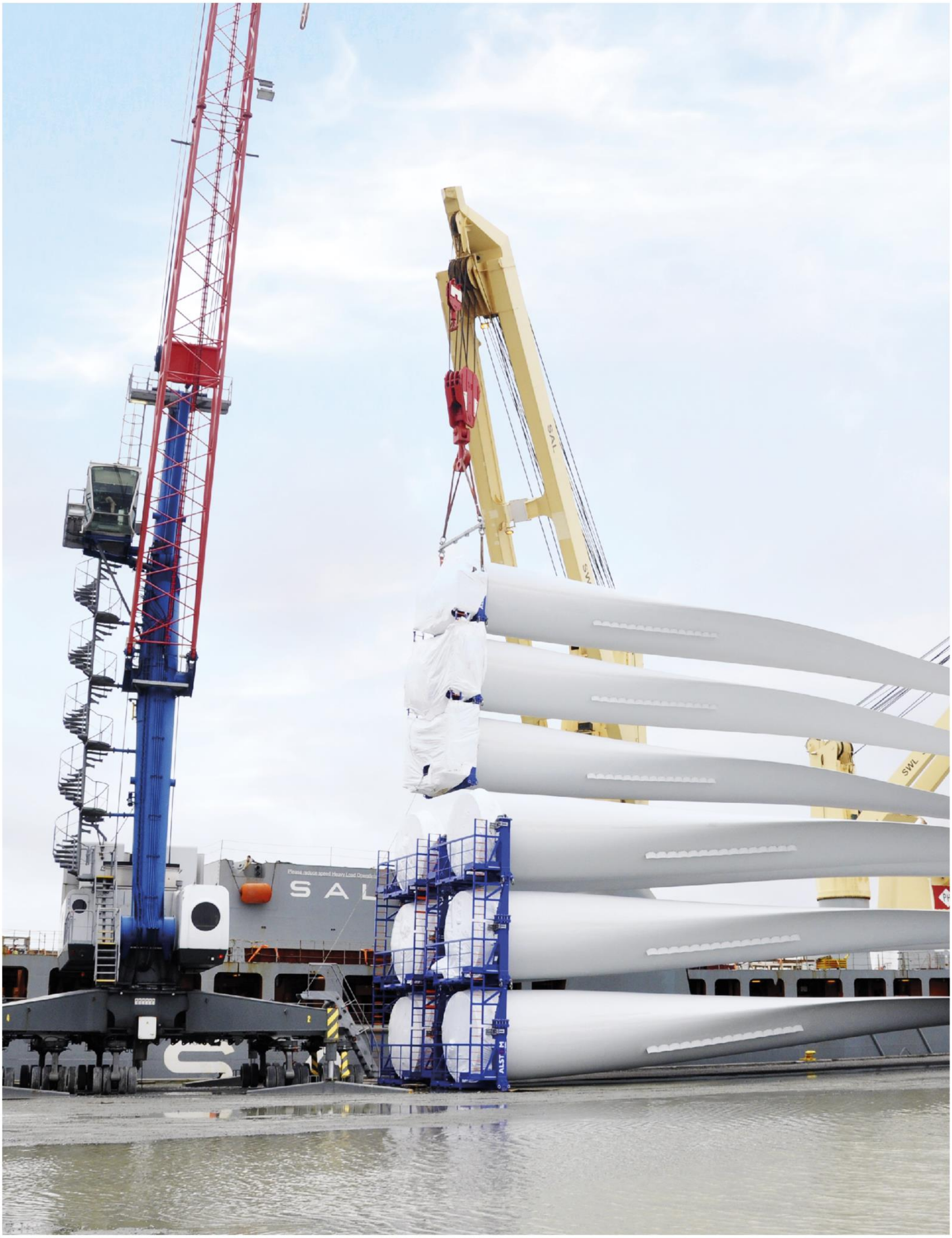
**Financial exposure**

Due to its operation, the Group is exposed to changes in the interest-rate level. The Group regularly evaluates hedging instruments for identifying the interest-rate exposure.

**Foreign exchange risks**

Most of the Group's sales is done in euro-related currencies. Trade with subsidiary companies outside Europe are primarily in USD or currencies dependent on the US currency. The Group regularly evaluates hedging of its positions in USD and currencies dependent on the US currency.

# Wind Logistics



## Management commentary

**Credit risks**
The Group pursues a strict credit policy, which includes credit insurance insofar as possible, and ensures that potential losses are handled before becoming considerable.

**Cash Flow**
As part of the Group's policy, capital procurement and placement of excess liquidity are controlled at group level insofar as is appropriate. Furthermore, the Group has liquidity measures in the shape of excess liquidity and credits, which is available to the Group at any time.

**Intellectual capital resources**
With reference to maintaining and strengthening its position among the leading providers of services within the Group's business areas, it is essential that the Group will continue to be able to attract and retain the most skilled and service-minded staff. The Group strongly focuses on being an attractive workplace and on further developing the staff's competences. This is done through the ongoing execution of transport assignments, goaloriented courses and education as well as through a talent development programme.

**Statutory report on corporate social responsibility**
The Group has finalised and initiated global implementation of the Company's official Code of Conduct, Blue Water's ethical guidelines. The internal implementation was launched by publishing of a common Code of Conduct including various communication materials and internal information meetings. The specification is available to suppliers on the website:
www.bws.net/-/media/Website/Files/BWS%20Code%20of%20Conduct.pdf and hard copies thereof are obtainable through the Blue Water Group headquarter.

Part of the Group’s strategy and philosophy of being "Best in Town" means the Group will take an active share in, take responsibility for and support the local activities to the extent that the Group’s physical and businessrelated presence justifies this.

The policies are the Group's ethical guidelines. All employees are encouraged to report to management if they experience violation to the guidelines. No continuous measurements of the realisation of the ethical guidelines are performed. However according to Blue Water's Management system all Non-conformances are reported in the Non-conformance database. Each non-conformance is analysed and root cause are established and corrective actions are identified. The non-conformances are communicated and the necessary actions are initiated at site/location. The data from the group Non-conformance reporting is analyzed by the group HSSE and Quality and trends and findings together with the status of the corrective and preventive actions are used as input to the Group Management Review twice a year.

As foreign bribery enforcement continues to increase worldwide, companies operating globally are investing more in due diligence and requiring their current and prospective business partners to complete complex compliance paperwork. With this approach, companies complete compliance paperwork only once and gain the valuable business advantage of being recognized in the compliance community as having gone through the gold standard in due diligence.

## Management commentary

The Group was TRACE certified in 2017. TRACE certified companies are “pre-vetted” partners for multinational companies seeking to do business with suppliers, agents and consultants who share their commitment to commercial transparency.

The Group is certified in accordance with ISO 14001:2015 and therefore focuses on continuously reducing environmental impact on the basis of defined environmental targets.

The target for 2017 was to conduct a global environmental mapping and to reduce consumption in Denmark. A total of 217,7 MWh was saved in 2017 following the Energy Audit in November 2016, which was 3,86 % of the Group’s annual Danish energy consumption in 2016.

From 2018 the Group is committed to follow the 10 UN Global Compact Principles.

The Group's contribution in this field is strengthened by addition of more resources, as the launched and planned activities related to social responsibility are expected to continue to have a positive influence on the Group's reputation. We expect that the activities will appeal to current and future employees and business partners.

### STATUTORY REPORT ON THE UNDERREPRESENTED GENDER

**Diversity**

A target for the underrepresented gender has been set for the board of directors.

As was also the case when filing the 2016 annual report Blue Water Shipping A/S’ board of directors today consists of four male members. It is the target by 2020 that the share of the underrepresented gender will be 20% of the members elected to the board for Blue Water Shipping A/S. This target is expected to be achieved in 2019.

As Blue Water Holding A/S employs less than 50 persons, Blue Water Holding A/S is not obliged to lay down a policy with an aim to increase the underrepresented gender of other layers of management of the company. Consequently such policy has not been established.

**Events after the balance sheet date**

No events have occurred after the balance sheet date to this date,which would influence the evaluation of this annual report.

# General Cargo

## Consolidated income statement 2017

| | Notes | 2017<br>DKK'000 | 2016<br>DKK'000 |
|---|---|---|---|
| Revenue | 1 | 5.200.113 | 5.198.009 |
| Cost of sales | | (4.181.714) | (4.245.651) |
| Other external expenses | 2 | (329.633) | (261.888) |
| **Gross profit/loss** | | **688.766** | **690.470** |
| Staff costs | 3 | (719.282) | (635.475) |
| Depreciation, amortisation and impairment losses | 4 | (37.072) | (26.025) |
| **Operating profit/loss** | | **(67.588)** | **28.970** |
| Income from investments in associates | | 5.029 | 1.011 |
| Income from other fixed assets investments | | 1.227 | 2.304 |
| Other financial income | | 4.292 | 3.031 |
| Other financial expenses | | (34.736) | (24.886) |
| **Profit/loss before tax** | | **(91.776)** | **10.430** |
| Tax on profit/loss for the year | 5 | 15.453 | (9.318) |
| **Profit/loss for the year** | 6 | **(76.323)** | **1.112** |

## Consolidated balance sheet at 31.12.2017

| | Notes | 2017<br>DKK'000 | 2016<br>DKK'000 |
|---|---|---|---|
| Goodwill | | 8.847 | 8.054 |
| **Intangible assets** | 7 | **8.847** | **8.054** |
| | | | |
| Land and buildings | | 438.924 | 452.072 |
| Other fixtures and fittings, tools and equipment | | 41.120 | 35.223 |
| Leasehold improvements | | 1.630 | 1.673 |
| Property, plant and equipment in progress | | 18.035 | 750 |
| **Property, plant and equipment** | 8 | **499.709** | **489.718** |
| | | | |
| Investments in associates | | 9.029 | 6.910 |
| Other investments | | 11.784 | 11.465 |
| Deposits | | 8.141 | 6.920 |
| **Fixed asset investments** | 9 | **28.954** | **25.295** |
| | | | |
| **Fixed assets** | | **537.510** | **523.067** |
| | | | |
| Trade receivables | | 730.264 | 633.202 |
| Contract work in progress | 11 | 68.425 | 52.510 |
| Deferred tax | 12 | 21.276 | 0 |
| Other receivables | 13 | 24.027 | 19.235 |
| Income tax receivable | | 0 | 1.367 |
| Prepayments | 14 | 32.553 | 16.504 |
| **Receivables** | | **876.545** | **722.818** |
| | | | |
| Other investments | | 2.199 | 2.253 |
| **Other investments** | | **2.199** | **2.253** |
| | | | |
| **Cash** | | **225.939** | **296.937** |
| | | | |
| **Current assets** | | **1.104.683** | **1.022.008** |
| | | | |
| **Assets** | | **1.642.193** | **1.545.075** |

## Consolidated balance sheet at 31.12.2017

| | Notes | 2017<br>DKK'000 | 2016<br>DKK'000 |
|---|---|---|---|
| Contributed capital | | 50.000 | 50.000 |
| Retained earnings | | 139.027 | 210.673 |
| Proposed dividend | | 1.000 | 0 |
| **Equity attributable to Parent's owners** | | **190.027** | **260.673** |
| **Share of attributable to minority interest** | | **2.138** | **1.959** |
| **Equity** | | **192.165** | **262.632** |
| Deferred tax | 12 | 0 | 4.211 |
| Provisions for investments in associates | | 35 | 0 |
| **Provisions** | | **35** | **4.211** |
| Mortgage debts | | 358.973 | 374.269 |
| Deposits | | 6.615 | 6.833 |
| Other payables | | 53.828 | 62.020 |
| **Non-current liabilities other than provisions** | 15 | **419.416** | **443.122** |
| Current portion of long-term liabilities other than provisions | 15 | 13.627 | 12.930 |
| Bank loans | | 142.057 | 118.559 |
| Trade payables | | 747.123 | 575.769 |
| Income tax payable | | 3.996 | 0 |
| Other payables | | 117.798 | 121.451 |
| Deferred income | | 5.976 | 6.401 |
| **Current liabilities other than provisions** | | **1.030.577** | **835.110** |
| **Liabilities other than provisions** | | **1.449.993** | **1.278.232** |
| **Equity and liabilities** | | **1.642.193** | **1.545.075** |

| | |
|---|---|
| Associates | 10 |
| Unrecognised rental and lease commitments | 17 |
| Contingent liabilities | 18 |
| Mortgages and securities | 19 |
| Subsidiaries | 20 |

# Reefer Logistics

## Consolidated statement of changes in equity for 2017

| | Contributed capital DKK'000 | Retained earnings DKK'000 | Proposed dividend DKK'000 | Share of equity attributable to minority interests DKK'000 | Total DKK'000 |
|---|---|---|---|---|---|
| Equity beginning of year | 50.000 | 210.673 | 0 | 1.959 | 262.632 |
| Ordinary dividend paid | 0 | 0 | 0 | (537) | (537) |
| Exchange rate adjustment | 0 | 0 | 0 | 3 | 3 |
| Fair value adjustments of hedging instruments | 0 | 6.390 | 0 | 0 | 6.390 |
| Profit/loss for the year | 0 | (78.036) | 1.000 | 713 | (76.323) |
| **Equity end of year** | **50.000** | **139.027** | **1.000** | **2.138** | **192.165** |

## Consolidated cash flow statement for 2017

| | Notes | 2017<br>DKK'000 | 2016<br>DKK'000 |
|---|---|---|---|
| Operating profit/loss | | (67.588) | 28.970 |
| Amortisation, depreciation and impairment losses | | 37.072 | 26.025 |
| Other provisions | | 0 | (14.200) |
| Working capital changes | 16 | 33.458 | 13.530 |
| **Cash flow from ordinary operating activities** | | **2.942** | **54.325** |
| Financial income received | | 7.207 | 3.657 |
| Financial income paid | | (37.114) | (24.886) |
| Income taxes refunded/(paid) | | (6.473) | (4.292) |
| **Cash flows from operating activities** | | **(33.438)** | **28.804** |
| Acquisition etc. of intangible assets | | (6.100) | 0 |
| Acquisition etc. of property, plant and equipment | | (45.798) | (98.874) |
| Sale of property, plant and equipment | | 3.588 | 6.403 |
| Acquisition of fixed asset investments | | (2.272) | (10.097) |
| Sale of fixed asset investments | | 0 | 6.330 |
| Dividends received | | 4.878 | 4.608 |
| **Cash flows from investing activities** | | **(45.704)** | **(91.630)** |
| Loans raised | | 0 | 93.141 |
| Instalments on loans etc. | | (14.817) | 0 |
| Dividend paid | | (537) | (372) |
| **Cash flows from financing activities** | | **(15.354)** | **92.769** |
| **Increase/decrease in cash and cash equivalents** | | **(94.496)** | **29.943** |
| Cash and cash equivalents beginning of year | | 178.378 | 148.435 |
| **Cash and cash equivalents end of year** | | **83.882** | **178.378** |
| Cash and cash equivalents at year-end are composed of: | | | |
| Cash | | 225.939 | 296.937 |
| Short-term debt to banks | | (142.057) | (118.559) |
| **Cash and cash equivalents end of year** | | **83.882** | **178.378** |

## Notes to consolidated financial statements

| | 2017 | 2016 |
|---|---|---|
| | DKK'000 | DKK'000 |

### 1. Revenue

| | | |
|---|---|---|
| Transport of industrial goods | 3.806.910 | 3.888.025 |
| Oil, energy and perishables | 1.368.797 | 1.282.638 |
| Rental of commercial properties | 24.406 | 27.346 |
| | **5.200.113** | **5.198.009** |

### 2. Fee to the auditor appointed by the Annual General Meeting

| | | |
|---|---|---|
| Statutory audit services | 671 | 643 |
| Other assurance engagements | 20 | 15 |
| Tax services | 342 | 200 |
| Other services | 443 | 589 |
| | **1.476** | **1.447** |

### 3. Staff costs

| | | |
|---|---|---|
| Wages and salaries | 662.826 | 581.583 |
| Pension costs | 33.455 | 30.401 |
| Other social security costs | 23.001 | 23.491 |
| | **719.282** | **635.475** |

| | | |
|---|---|---|
| Average number of employees | 1.575 | 1.410 |

**Remuneration of Management**

| | | |
|---|---|---|
| Executive Board | 3.860 | 3.163 |
| Board of Directors | 733 | 600 |
| | **4.593** | **3.763** |

## Notes to consolidated financial statements

| | 2017 | 2016 |
|---|---|---|
| | DKK'000 | DKK'000 |
| **4. Depreciation, amortisation and impairment losses** | | |
| Amortisation of intangible assets | 5.307 | 3.121 |
| Depreciation of property, plant and equipment | 32.616 | 25.706 |
| Profit/loss from sale of intangible assets and property, plant and equipment | (851) | (2.802) |
| | **37.072** | **26.025** |

### 5. Tax on profit/loss for the year

| | | |
|---|---|---|
| Tax on current year taxable income | 12.168 | 8.270 |
| Change in deferred tax for the year | (27.291) | 1.019 |
| Adjustment concerning previous years | (330) | 29 |
| | **(15.453)** | **9.318** |

### 6. Proposed distribution of profit/loss

| | | |
|---|---|---|
| Ordinary dividend for the financial year | 1.000 | 0 |
| Retained earnings | (78.036) | 576 |
| Minority interest's share of profit/loss | 713 | 536 |
| | **(76.323)** | **1.112** |

# Marine Logistics

## Notes to consolidated financial statements

| | Goodwill DKK'000 |
|---|---|
| **7. Intangible assets** | |
| Cost beginning of year | 74.014 |
| Additions | 6.100 |
| **Cost end of year** | **80.114** |
| | |
| Amortisation and impairment losses beginning of year | (65.960) |
| Amortisation for the year | (5.307) |
| **Amortisation and impairment losses end of year** | **(71.267)** |
| | |
| **Carrying amount end of year** | **8.847** |

| | Land and buildings DKK'000 | Other fixtures and fittings, tools and equipment DKK'000 | Leasehold improvements DKK'000 | Property, plant and equipment in progress DKK'000 |
|---|---|---|---|---|
| **8. Property, plant and equipment** | | | | |
| Cost beginning of year | 573.118 | 99.399 | 7.335 | 750 |
| Exchange rate adjustments | 3 | (2.059) | (103) | 0 |
| Transfers | 0 | 2.220 | 0 | (750) |
| Additions | 3.823 | 23.605 | 335 | 18.035 |
| Disposals | 0 | (6.246) | 0 | 0 |
| **Cost end of year** | **576.944** | **116.919** | **7.567** | **18.035** |
| | | | | |
| Depreciation and impairment losses beginning of the year | (121.046) | (64.176) | (5.662) | 0 |
| Exchange rate adjustments | (2) | 1.645 | 62 | 0 |
| Transfers | 0 | (1.470) | 0 | 0 |
| Depreciation for the year | (16.972) | (15.307) | (337) | 0 |
| Reversal regarding disposals | 0 | 3.509 | 0 | 0 |
| **Depreciation and impairment losses end of the year** | **(138.020)** | **(75.799)** | **(5.937)** | **0** |
| | | | | |
| **Carrying amount end of year** | **438.924** | **41.120** | **1.630** | **18.035** |

## Notes to consolidated financial statements

| | Investments in associates DKK'000 | Other investments DKK'000 | Deposits DKK'000 |
|---|---|---|---|
| **9. Fixed asset investments** | | | |
| Cost beginning of year | 2.743 | 25.087 | 6.920 |
| Exchange rate adjustments | 0 | 0 | (544) |
| Additions | 1.000 | 51 | 8.365 |
| Disposals | 0 | 0 | (6.600) |
| **Cost end of year** | **3.743** | **25.138** | **8.141** |
| Revaluations beginning of year | 4.167 | 0 | 0 |
| Exchange rate adjustments | (26) | 0 | 0 |
| Share of profit/loss for the year | 5.029 | 0 | 0 |
| Dividend | (3.919) | 0 | 0 |
| Investments with negative equity transferred to provisions | 35 | 0 | 0 |
| **Revaluations end of year** | **5.286** | **0** | **0** |
| Impairment losses beginning of year | 0 | (13.622) | 0 |
| Impairment losses for the year | 0 | 254 | 0 |
| Reversal of impairment losses | 0 | 14 | 0 |
| **Impairment losses end of year** | **0** | **(13.354)** | **0** |
| **Carrying amount end of year** | **9.029** | **11.784** | **8.141** |

## Notes to consolidated financial statements

### 10. Associates

| | Registered in | Equity interest % |
|---|---|---|
| Kartoffelpakhuset I/S | Esbjerg, Denmark | 50,0 |
| Esbjerg Marine Service K/S | Esbjerg, Denmark | 31,7 |
| Team Esbjerg Elitehåndbold A/S | Esbjerg, Denmark | 33,3 |
| Transbroker LLC | Baku, Azerbaijan | 49,0 |
| Trans World Shipping AB | Vantaa, Finland | 45,0 |
| Komplementarselskabet Esbjerg Marine Service ApS | Esbjerg, Denmark | 33,3 |
| Femern Belt Services A/S | Lolland, Denmark | 25,0 |
| Esbjerg Tubular Services ApS | Esbjerg, Denmark | 50,0 |
| Blue Water BREB GmbH | Cuxhaven, Germany | 50,0 |
| Blue Power Partners A/S | Aalborg, Denmark | 20,0 |

### 11. Contract work in progress

The amount comprises vendor´s invoices not received and not yet invoiced but performed transactions.

## Notes to consolidated financial statements

| | 2017 | 2016 |
|---|---|---|
| | DKK'000 | DKK'000 |
| **12. Deferred tax** | | |
| Intangible assets | 1.798 | 3.111 |
| Property, plant and equipment | (14.672) | (12.138) |
| Tax losses carried forward | 34.150 | 4.816 |
| | **21.276** | **(4.211)** |

| | | |
|---|---|---|
| **Changes during the year** | | |
| Beginning of year | (4.211) | |
| Recognised in the income statement | 27.291 | |
| Recognised directly in equity | (1.804) | |
| **End of year** | **21.276** | |

The value of tax losses carried forward is recognized as deferred tax assets in the balance sheet, as the deficit is expected to be deducted over the next approx. 3 years. This expectation is primarily based on the significant positive impact on the Group´s result as a consequence of major contracts related to the oil and energy sector.

### 13. Other receivables

Of other receivables, DKK 2,483 fall due for payment after one (1) year.

### 14. Prepayments

Prepayments comprise incurred costs relating to subsequents financial years.

## Notes to consolidated financial statements

### 15. Liabilities other than provisions

| | Instalments within 12 months 2017 DKK'000 | Instalments within 12 months 2016 DKK'000 | Instalments beyond 12 months 2017 DKK'000 | Outstanding After 5 years DKK'000 |
|---|---|---|---|---|
| Mortgage debts | 13.627 | 12.930 | 358.973 | 296.814 |
| Deposits | 0 | 0 | 6.615 | 6.615 |
| Other payables | 0 | 0 | 53.828 | 53.828 |
| | **13.627** | **12.930** | **419.416** | **357.257** |

The Group has entered into interest rate swap contracts at the balance sheet date relating to loans of DKK 270m. Unrealised net losses on these contracts at 31 December 2017 of DKK 53,838k are recognised under long-term liabilities, other payables and taken directly to equity by DKK 41,986k as well as deferred tax by DKK 11,842k. The interest rate swap with an interest rate of 3.76% relating to DKK 100m expires on 31 March 2021, the interest rate swap with an interest rate of 3.95% relating to DKK 100m expires on 29 March 2041, the interest rate swap with an interest rate of 2.05% relating to DKK 40m expires on 26 June 2035, the interest rate swap with an interest rate of 3.50% relating to DKK 24m expires on 30 December 2026, and the interest rate swap with an interest rate of 1.47% relating to DKK 30m expires on 28 December 2035.

## Notes to consolidated financial statements

| | 2017 | 2016 |
|---|---|---|
| | DKK'000 | DKK'000 |

### 16. Change in working capital

| | 2017 DKK'000 | 2016 DKK'000 |
|---|---|---|
| Increase/decrease in receivables | (133.818) | 23.331 |
| Increase/decrease in trade payables etc | 167.276 | (9.801) |
| | **33.458** | **13.530** |

### 17. Unrecognised rental and lease commitments

| | 2017 DKK'000 | 2016 DKK'000 |
|---|---|---|
| Hereof liabilities under rental or lease agreements until maturity in total | **44.216** | **47.009** |

### 18. Contingent liabilities

| | 2017 DKK'000 | 2016 DKK'000 |
|---|---|---|
| Recourse and non-recourse guarantee commitments | 114.935 | 76.307 |
| **Contingent liabilities in total** | **114.935** | **76.307** |

The Group is liable for mortgage in partnership with DKK 2.697k.

**Lawsuits**
The Group is involved in a few lawsuits. These lawsuits will in the opinion of the managements not have material influence on the Group´s financial position.

**Expert opinion and appraisal**
In connection with the construction of a building, the contractor has filed a claim for a total additional payment of approx DKK 4,8m. Acceptance of this claim was refused because the Group has made a counterclaim for compensation for construction faults.

### 19. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties.

Bank debt is secured by way of a mortgage registred to the owners of nominal DKK 13,950k on properties.

The carrying amount of mortgaged properties is DKK 443,472k.

Trade payables is secured by deposited cash in bank DKK 1,518k (2016: DKK 1,483k.)

## Notes to consolidated financial statements

### 20. Subsidiaries

| | Registered in | Corporate form | Equity interest % |
|---|---|---|---|
| Blue Water Shipping A/S | Esbjerg, Denmark | A/S | 100,0 |
| Blue Water International A/S | Esbjerg, Denmark | A/S | 100,0 |
| Blue Water Property A/S | Esbjerg, Denmark | A/S | 100,0 |
| Blue Water Middle East A/S | Esbjerg, Denmark | A/S | 100,0 |
| Blue Water Shipping SARL | Lorient, France | SARL | 100,0 |
| Blue Water Projects S.L. | Barcelona, Spain | S.L. | 100,0 |
| Blue Water Shipping US Inc. | New Jersey, USA | Inc. | 100,0 |
| Blue Water Shipping do Brazil Ltda | São Paulo, Brazil | Ltda | 99,0 |
| BWCNH ApS | Esbjerg, Denmark | ApS | 100,0 |
| Blue Water Shipping OY | Helsinki, Finland | OY | 100,0 |
| Blue Water Shipping AS | Oslo, Norway | AS | 100,0 |
| P/F Blue Water Shipping | Tórshavn,Faroe Islands | P/F | 100,0 |
| Blue Water Shipping AB | Göteborg, Sweden | AB | 100,0 |
| Blue Water Stevedoring A/S | Esbjerg, Denmark | A/S | 100,0 |
| Blue Water Greenland A/S | Sermersooq, Greenland | A/S | 100,0 |
| Blue Water Logistics UK Ltd. | Manchester, United Kingdom | Ltd. | 100,0 |
| Blue Water Shipping B.V. | Amsterdam, Netherlands | B.V. | 100,0 |
| Blue Water Shipping ehf. | Reykjavik, Iceland | ehf. | 100,0 |
| Blue Water Transport PTY Ltd. | Sydney, Australia | Ltd. | 100,0 |
| Aarhus Logistics Center A/S | Aarhus, Denmark | A/S | 100,0 |
| Blue Water Shipping España S.A. | Barcelona, Spain | S.A. | 75,0 |
| Blue Water Shipping UK Ltd. | Manchester, United Kingdom | Ltd. | 100,0 |
| Blue Water Shipping Ireland Ltd. | Dublin, Ireland | Ltd. | 100,0 |
| Blue Water Shipping Singapore Pte Ltd. | Singapore | Pte Ltd. | 100,0 |
| Blue Water int. Sdn. Bnd | Subang Jaya, Malaysia | Sdn. Bnd | 100,0 |
| Blue Water Shipping China Ltd. | Shanghai, China | Ltd. | 100,0 |
| Blue Water Shipping Kazakhstan LLP | Aktau, Kazakhstan | LLP | 100,0 |
| Blue Water Shipping Caspian Ltd. | Baku, Azerbaijab | Ltd. | 99,0 |
| Blue Water Shipping Poland SP.Z.O.O | Warszawa, Poland | SPZOO | 100,0 |
| Blue Water Shipping Portugal, Unipessoal Lda. | Lisbon, Portugal | Lda | 100,0 |
| Blue Water Shipping Qatar L.L.C. | Doha, Qatar | L.I.C | 100,0 |

## Parent income statement for 2017

| | Notes | 2017<br>DKK'000 | 2016<br>DKK'000 |
|---|---|---|---|
| Other external expenses | | (156) | (138) |
| **Operating profit/loss** | | **(156)** | **(138)** |
| Income from investments in group enterprises | | (74.945) | 2.327 |
| Other financial income | | 10 | 148 |
| Other financial expenses | | (2.535) | (2.245) |
| **Profit/loss from before tax** | | **(77.626)** | **92** |
| Tax on profit/loss for the year | 1 | 590 | 484 |
| **Profit/loss for the year** | 2 | **(77.036)** | **576** |

## Parent balance sheet for 31.12.2017

| | Notes | 2017 DKK'000 | 2016 DKK'000 |
|---|---|---|---|
| Investments in group enterprises | | 343.639 | 324.194 |
| **Fixed asset investments** | 3 | **343.639** | **324.194** |
| **Fixed assets** | | **343.639** | **324.194** |
| Deferred tax | | 1.049 | 504 |
| Income tax receivables | | 1.977 | 4.001 |
| **Receivables** | | **3.026** | **4.505** |
| **Cash** | | **136** | **109** |
| **Current assets** | | **3.162** | **4.614** |
| **Assets** | | **346.801** | **328.808** |

## Parent balance sheet for 31.12.2017

| | Notes | 2017 DKK'000 | 2016 DKK'000 |
|---|---|---|---|
| Contributed capital | 4 | 50.000 | 50.000 |
| Reserve for net revaluation according to the equity method | | 56.719 | 130.181 |
| Retained earnings | | 82.308 | 80.492 |
| Proposed dividend | | 1.000 | 0 |
| **Equity** | | **190.027** | **260.673** |
| Bank loans | | 68.774 | 68.135 |
| Payables to group enterprises | | 88.000 | 0 |
| **Current liabilities other than provisions** | | **156.774** | **68.135** |
| **Liabilities other than provisions** | | **156.774** | **68.135** |
| **Equity and liabilities** | | **346.801** | **328.808** |
| Contingent liabilities | 5 | | |
| Mortgages and securities | 6 | | |
| Related parties with controlling interest | 7 | | |

## Parent statement of changes in equity for 2017

| | Contributed capital DKK'000 | Reserve for net revaluation according to the equity method DKK'000 | Retained earnings DKK'000 | Proposed dividend DKK'000 | Total DKK'000 |
|---|---|---|---|---|---|
| Equity beginning of year | 50.000 | 130.181 | 80.492 | 0 | 260.673 |
| Other equity postings | 0 | 6.390 | 0 | 0 | 6.390 |
| Profit/loss for the year | 0 | (79.852) | 1.816 | 1.000 | (77.036) |
| **Equity end of year** | **50.000** | **56.719** | **82.308** | **1.000** | **190.027** |

## Notes to parent financial statements

| | 2017 DKK'000 | 2016 DKK'000 |
|---|---|---|
| **1. Tax on profit/loss for the year** | | |
| Change in deferred tax for the year | (545) | (482) |
| Adjustment concerning previous years | (45) | (2) |
| | **(590)** | **(484)** |

| | 2017 DKK'000 | 2016 DKK'000 |
|---|---|---|
| **2. Proposed distribution of profit/loss** | | |
| Ordinary dividend for the financial year | 1.000 | 0 |
| Transferred to reserve for net revaluation according to the equity method | (79.852) | 0 |
| Retained earnings | 1.816 | 576 |
| | **(77.036)** | **576** |

| | Investments in group enterprises DKK'000 |
|---|---|
| **3. Fixed asset investments** | |
| Cost beginning of year | 198.920 |
| Additions | 88.000 |
| **Cost end of year** | **286.920** |
| | |
| Revaluations beginning of year | 125.274 |
| Adjustments on equity | 6.390 |
| Share of profit/loss for the year | (74.945) |
| **Revaluations end of year** | **56.719** |
| | |
| **Carrying amount end of year** | **343.639** |

## Notes to parent financial statements

| | Number | Par value DKK'000 | Nominal value DKK'000 |
|---|---|---|---|
| **4. Contributed capital** | | | |
| Class A – shares | 37.500.000 | 1 | 37.500 |
| Class B – shares | 12.500.000 | 1 | 12.500 |
| | **50.000.000** | | **50.000** |

| | 2017 DKK'000 | 2016 DKK'000 |
|---|---|---|
| **5. Contingent liabilities** | | |
| Recourse and non-recourse guarantee commitments | 24.886 | 0 |
| **Contingent liabilities in total** | **24.886** | **0** |
| | | |
| Recourse and non-recourse guarantee commitments | 24.886 | 0 |
| **Hereof contingent liabilities to group enterprises** | **24.886** | **0** |

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

### 6. Mortgages and securities

Bank debt is secured by deposited shares in affiliates. The carrying amount of mortgage shares amounts to DKK 324.639k. (2016: DKK 324.194k.)

### 7. Related parties with controlling interest

The Company has registered the following shareholders to hold 75% of the voting share capital or the nominal value of the share capital:

Blue Water Fonden, Esbjerg, Denmark.

## Accounting policies

### REPORTING CLASS

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (big).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

### RECOGNITION AND MEASUREMENT

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

**Basis of consolidation**

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ proportionate share of profit or loss is presented as a separate item in Management’s proposal for distribution of profit or loss, and their share of subsidiaries’ net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the acquisition date, with net assets having been calculated at fair value.

## Accounting policies

**Business combinations**
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

### FOREIGN CURRENCY TRANSLATION
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### DERIVATIVE FINANCIAL INSTRUMENTS
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

## Accounting policies

### INCOME STATEMENT

**Revenue**

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting profit of a forwarding job is booked as income at the time when the transport of the shipment in question starts.

**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory write-downs.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

**Staff costs**

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

**Depreciation, amortisation and impairment losses**

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

**Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

**Income from investments in associates**

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

**Income from other fixed asset investments**

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc. on fixed asset investments which are not investments in group enterprises or associates.

**Other financial Income from group enterprises**

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

## Accounting policies

**Other financial income**
Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

**Financial expences from group enterprises**
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

**Other financial expenses**
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

## Accounting policies

**Tax on profit/loss for the year**
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### BALANCE SHEET

**Goodwill**
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis.

| | |
|---|---|
| *Goodwill* | *5-10 years* |

Goodwill is written down to the lower of recoverable amount and carrying amount.

**Property, plant and equipment**
Land and buildings, plant and machinery, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | |
|---|---|
| *Buildings* | *5-50 years* |
| *Other fixtures and fittings, tools and equipment* | *3-10 years* |
| *Leasehold improvements* | *5 years* |

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

## Accounting policies

**Investments in group enterprises**
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

**Investments in associates**
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

**Other investments**
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value. Deposits under fixed assets are measured at amortised.

**Receivables**
Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

**Contract work in progress**
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

**Income tax payable or receivable**
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

## Accounting policies

**Deferred tax**
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Prepayments**
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Other investments**
Securities recognised under current assets comprise listed bonds and investments measured at fair value (market price) at the balance sheet date.

**Cash**
Cash comprises cash in hand and bank deposits.

**Dividend**
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Minority interests**
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

**Other provisions**

Other provisions comprise anticipated costs of decided and published restructurings, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

**Mortgage debt**
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

## Accounting policies

**Operating leases**
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**Other financial liabilities**
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Income tax receivable or payable**
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

**Deferred income**
Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

### CASH FLOW STATEMENT

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less shortterm bank loans.