Annual report 2017/18

DCC Energi Danmark A/S

CVR no. 32141846

Nærum Hovedgade 8
DK-2850 Nærum

The annual report was presented and approved at the Company's annual general meeting on 31 August 2018

Claus Wellendorf
Chairman of the annual general meeting

Contents

Statements and reports

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of DCC Energi Danmark A/S for the financial year 1 April 2017 – 31 March 2018.

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

In our opinion, the financial statements presents a true and fair view of the Company's assets, liabilities and financial position at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 – 31 March 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Nærum, 31 August 2018

Executive Board

Christian Frederik Heise

Board of Directors

Edward Gerard O'Brien
Chairman

Morgan McElligott

Claus Geisler Madsen

Christian Frederik Heise

Kirsten Ramsing

Claus Wellendorf

Statements and reports
Independent auditor's report

To the shareholders of DCC Energi Danmark A/S

Opinion

We have audited the financial statements of DCC Energi Danmark A/S for the financial year 1 April 2017 – 31 March 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 – 31 March 2018 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 financial statements" section of our report. We are independent of the Company 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 rules and 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 financial statements

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

In preparing the financial statements, Management is responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

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

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

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 August 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Sten Larsen	Morten Høgh-Petersen
State Authorised	State Authorised
Public Accountant	Public Accountant
MNE no. 10488	MNE no. 34283

Management's review
Company details

Company	DCC Energi Danmark A/S Nærum Hovedgade 8 DK-2850 Nærum
	Telephone: +45 45 58 01 00 Telefax: +45 45 58 01 90
	E-mail: info@kundeservice.dccenergi.dk Website www.dccenergi.dk
	CVR no.: 32 14 18 46 Financial year: 1 April – 31 March Registered office: Nærum
Board of Directors	Edward Gerard O'Brien, Chairman Morgan McElligott Claus Geisler Madsen Christian Frederik Heise Kirsten Ramsing Claus Wellendorf
Executive Board	Christian Frederik Heise
Auditor	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 DK-2100 København Ø
Attorney	Accura Advokataktieselskab Tuborg Boulevard 1 DK-2900 Hellerup
Bank	Danske Bank Holmens Kanal 2 DK-1090 København K

Management's review
Financial highlights

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Key figures					
Results					
Revenue	2,318,105	1,718,593	1,429,484	1,211,403	1,262,920
Ordinary operating profit	90,534	70,485	45,085	7,578	32,592
Profit/loss from financial income and expenses	4,965	-3,346	-702	-1,154	-410
Profit for the year	74,484	53,383	34,618	4,850	24,972
Balance sheet					
Balance sheet total	1,009,142	979,160	674,900	316,470	394,332
Equity	386,493	364,383	345,618	99,164	119,286
Investments					
Property, plant and equipment and intangible assets	226,889	254,746	291,893	42,314	52,865
Financial Ratios					
Gross margin (%)	14.9	18.0	18.4	11.8	11.8
Operating margin (%)	3.9	4.1	3.2	0.6	2.6
Return on invested capital (%)	9.0	7.2	6.7	2.4	8.3
Solvency ratio (%)	38.3	37.2	51.2	31.3	30.3
Return on equity (%)	19.3	14.7	15.6	4.4	20.6

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios".

Management's review
Operating review

BUSINESS PERFORMANCE AND BUSINESS FOUNDATION

The annual report of DCC Energi Danmark A/S for 2017/18 has been prepared in accordance with the provisions applying to reporting class C large sized under the Danish Financial Statements Act.

The Company's financial year is from 1 April to 31 March the subsequent calendar year.

Principal activity

DCC Energi Danmark A/S sells and distributes fossil fuels and biogenic fuels, including oil, petrol, coal, wood pellets, natural gas, electricity, lubricants, etc.

DCC Energi Danmark A/S continuously strives to contribute to effective distribution of energy to the Company's customers in Denmark.

The Company is a fully owned subsidiary of DCC Holding Denmark A/S.

The ultimate parent company is DCC plc, which is domiciled in Ireland.

Market outline

General market development for refined oil products and natural gas is driven by the cycles and trends within the manufacturing, transportation, agriculture and industrial sectors as well as demand from private households.

The level of public-sector investments in a structural change in the market for heating in order to reduce the Danish impact on the global CO_2 footprint were in line with expectations of the Company. Specific political measures have continued with the objective to reduce the consumption of oil used for heating purposes, increase the use of electricity and district heating and in general to increase the share of biologically-based components added to oil products. Furthermore, there is political focus on increasing the use of renewable sources of energy.

Accordingly the market in general has been subject to increased competition among the suppliers as the conversion from heating oil to other heating forms has enforced competition on other sectors of the energy market.

DCC Energi Danmark A/S' has had a positive development in the share of the market that the Company operates in, which is expected to continue in the future. Please refer to the section regarding Strategy and Objectives.

Performance during the year

The Company's income statement shows a profit after tax of DKK 74.5 million, and equity at DKK 386.5 million in the Company's balance sheet total as of 31 March 2018.

The general demand for energy is at the same level as previous year, however the late winter season has increased demand for heating oil and natural gas for heating purposes beyond the level of previous years.

The most important goals and results for the year under review have been to maintain profitability to further strengthen the Company's market position without reducing the service level offered to customers and business partners.

It is part of the Company's strategy to generate profitable growth and to secure its investments on the Danish energy market. This is executed with particular focus on the oil industry with risk diversification relative to market groups requiring energy and relative to seasonal fluctuations.

The cooperative platform with DLG balances out sales, distribution and earnings during the year and has thereby proven its contribution to the Company's strategic objective.

Performance during the year - continued

As noted in the annual report previous year the Company has acquired the Commercial bulk activities from the sister company Dansk Fuels A/S as a part of the ongoing initiatives to release synergies. Likewise the Company has during the year divested the Commercial fuel card business to Dansk Fuels A/S since this business was better suited to be operated through the sister company. The net impact hereof contributes significantly to the net result in DCC Energi Danmark A/S.

The Company managed to retain and capture market shares and regularly invest in further strengthening its market position within refined oil products, biogenic fuels and electricity.

Net revenue achieved DKK 2,318.1 million and is in line with the Company's expectations for the year. As a result of the market decline in the sale of fuels and natural gas for heating purposes, the Company has regularly adjusted and streamlined the activities in accordance with changed demand.

Accordingly, results for the year are considered satisfactory.

Correction of material errors

Management has identified a material error when determining the Company's current and deferred tax in the annual report for 2016/17. The error has been corrected in the annual report for 2017/18 directly in in the comparative figures for 2016/17 and equity as at 1 April 2017.

The financial impact of the correction have been described in note 1 "Accounting policies".

Events after the balance sheet date

No events have occurred after the balance sheet date of importance to the annual report for 2017/18. Reference is made to note 16 to the financial statements.

Financial position

The Company's total working capital is strong and with a limited level for losses on client engagements. This is due to the Company's strong focus on credit management and effective measures to avoid bad debts.

As a consequence of the above, the Company's liquidity and financial position were strong at the end of the year.

SPECIAL RISKS - OPERATING RISKS AND FINANCIAL RISKS

Operating risks

The Company has entered into required long-term agreements with suppliers of raw materials and services used to meet obligations to customers.

The Company has entered into long-term agreements for sale and supply under the trademarks Shell, Gulf and DLG.

Through agreements with its affiliate, DCC Energi Center A/S, the Company has taken measures to ensure that operations-related tasks are handled in accordance with DCC Energi Danmark A/S' policies and liabilities to customers and business partners.

Operating risks - continued

The Company has implemented a comprehensive set of policies ensuring that the Company, at any time, can be run in accordance with uniform, high standards and principles for good corporate governance.

The Company has, among other things, implemented and followed up on the efficiency of policies ensuring and protecting data made available to customers, suppliers, employees and the surrounding society against abuse and misuse.

In continuation thereof, the Company has during the year given priority to and implemented a platform ensuring compliance with the EU's General Data Protection Regulation (GDPR), when it comes into force in May 2018.

Furthermore, the Company has implemented and regularly follows up on polices ensuring business integrity, including compliance with competition law, and proper protection against the risk of bribery and corruption for customers and business partners.

Market risks

The value of the Company's products is determined based on official international listings, and accordingly, there may be major deviations in the price level for purchases and sales.

The Company keeps track of the daily listings and determines its sales prices on the basis of the market price, and it is company policy to hedge against risks, ensuring that future deliveries based on a predetermined price are hedged. Against this background, fluctuations in purchase prices have only to a limited extent not been recognised in sales prices.

Among other things, the Company makes use of financial instruments to hedge sales contracts going forward where these cannot be matched by offsetting sales and purchase agreements on the same terms.

Currency risks

The Company has activities only in Denmark and settles the vast part of its purchases in DKK and, to a certain extent, in EUR.

Changes in the price level for EUR will not have any material direct effect on earnings. The need for entering into forward exchange contracts to hedge currency risks is regularly assessed. During the year under review, it has not been necessary to enter into forward contracts to hedge currency risks.

Interest rate risks

The Company has relatively modest net interest-bearing debt, and moderate changes in the interest rate level will not have any major direct impact on earnings. Accordingly, the Company does not enter into contracts for interest rate hedging instruments.

Credit risks

The Company's credit risks primarily arise from risks posed by customers.

No individual customer or business partner poses any material credit risk. The Company's policy for undertaking credit risks entails that all large customers and other business partners are credit rated on an ongoing basis. Where appropriate, receivables are hedged e.g. by means of credit insurance, prepayments or other types of credit insurance.

Management's review
Operating review

STRATEGY AND OBJECTIVES

Strategy

DCC Energi Danmark A/S pursues the strategy of selling and supplying energy solutions for industrial, transport, agricultural and trading entities and consumers in Denmark - primarily fossil fuels such as oil and natural gas energy solutions complemented by sales and delivery of lubricant solutions. Furthermore, it is part of the Company's strategy to promote green transition where this is possible through the sale and distribution of biogenic sources of energy such as wood pellets and sale of electricity.

It is part of the strategy to gain market shares in a market with fierce competition through products and sales channels with major trademark value and documented premium quality. This is executed by offering a strong portfolio of differentiated products and services under the brands Shell, Gulf and DLG. The strategy requires that DCC Energi Danmark A/S continually grows at a higher speed than its competitors. In as far as possible, growth is to be organic complemented by mergers and acquisitions to the extent it is an option and can benefit the Company.

The Company strives continuously to identify potential for fostering further growth within its present business areas and to strengthen its competitive power within sale of fossil fuels to the transport sector in Denmark.

The integration of Dansk Fuels A/S and the activities acquired in 2016 to the DCC Denmark group is resolved as expected and the customers of DCC Energi Danmark A/S and Dansk Fuels A/S is offered a full range of energy solutions as access to a nation-wide network of petrol stations, sale and distribution of fuel, natural gas, coal, power and heating, aviation fuel for Danish airports as well as fuel card services under the Shell and Euro Shell brands.

The ongoing societal restructuring towards solutions reducing CO_2 emissions from energy consumption is assumed to be of a permanent nature and is hence prioritised in the strategy to ensure long-term profitable growth.

By means of this strategy, it is DCC Energi Danmark A/S' objective to generate a profit for the Company's shareholders that exceeds the shareholders' demand for return on their investment. Moreover, it is the Company's strategy to pay dividend based on excess capital resources that are not dedicated business development.

Objectives and outlook for the coming year

Based on a strong Danish national economy, competition remains fierce, and within heating, conversion to alternative sources of energy are expected to be at the same level as during previous years. The winter season is expected to be at a "normalised" level with regard to temperature and snow. Likewise agricultural activities are expected at a "normalised" level, with regard to rain and temperature.

During the coming year, the activity level is expected to be at the same level as this year, while the Company still strives to increase its market shares through organic growth.

BASIS OF EARNINGS

Research and development

The Company does not engage in research and development activities.

Corporate social responsibility

With reference to section 99a (6) of the Danish Financial Statements Act, no full corporate social responsibility reporting has been prepared for the Company, including policies to climate, environment and human rights, as this is contained in the DCC Group's corporate social responsibility reporting. Reference is made to the annual report 2018 of the DCC Group and its ultimate parent company DCC plc, which is available from the Group's website (p.68 to 71).

https://www.dcc.ie/investors/reports/2018

The specific policies regarding safety, employees, HSSE, Environment, Ethics & "Compliance" and "Anti bribery and corruption policy" and "Business conduct guidelines" are available from the Group's website.

https://www.dcc.ie/responsibility

The Company's CSR polices are directed at two areas - external environment and intellectual capital, which have been accounted for in the following.

External environment

DCC Energi Danmark A/S is dedicated to operate safe and environmentally responsible in full compliance with requirements and standards.

The Company has a documented and active HSSE policy (Health, Safety, Security and Environment), and accordingly operating systems and processes of the Company and its suppliers are regularly inspected to protect the environment and the surrounding society against risks and, in the worst case, accidents.

Intellectual capital

Sale and delivery of refined oil products and products within the other energy areas requires intellectual capital and skills regarding leading and management of people and business processes. This is handled operationally through the group entity, DCC Energi Center A/S, and independent carriers and partners within logistics, IT and other partners bound by contract.

To allow us continuously to serve our market, it is decisive that the Company's business partners can recruit and retain employees with a broad skills base particularly within human and commercial processes and disciplines directed at due diligently to promote a safe and reliable conduct of business.

Uncertainty regarding recognition and measurement

Recognition and measurement in the annual report has not been subject to any uncertainty.

Diversity and equality

The Company has defined policies for diversity and equality for the purpose of developing a workplace characterised by diversity and equal opportunities for all.

The Company's policies and initiatives within the area are an integrated part of the employee handbook, and by this measure, the Company undertakes to accept and value the various kind of characteristics making individuals unique by employing people with different life experiences, personal back ground and with different skills, competences and professional experience.

The Company strives to develop a working culture which is fair and inclusive and which encourages all employees to contribute to the organisation based on their own experience and opinions. The Company offers equal opportunities to all present and future employees, and employment, promotion and remuneration is based on skills, competencies and experience. On this basis, the Company invests in staff development and encourages an open and honest culture appreciating our differences.

Considering the standing ambition to have the best skilled executives, it is also the Company's objective to promote gender diversity.

Gender diversity of Management

As part of the Danish model to ensure a more equal distribution of men and women on top management, the Company's Board of Directors has addressed the objectives and policies for the area.

Overall, the objective of the policy for the area is to promote diversity on a broad scale and at any time to recruit the best-qualified candidate irrespective of gender, age, nationality, sexual orientation and religious beliefs.

The Company does not have any employees as the Company's activities are handled by the Management and employees employed in the affiliate, DCC Energi Center A/S. Furthermore, the Company's owners have decided that the Board of Directors is to be made up solely by representatives from the Executive Board and executives from Finance, Sales and Operations in Denmark and country managers employed in the ultimate Irish parent company, DCC plc.

As mentioned, an important element of DCC's strategy is to grow through acquisitions and mergers, and for this purpose, members of the Board of Directors and Executive management have been recruited based on the need for continuity and growth in the surviving company. The optimum solution has been to recruit executive candidates from the businesses acquired. There are currently no women in this group making up the basis for recruiting executives for the top management of DCC Energi Danmark A/S. There are 6 members of the Board of Directors and only one is a female.

With these general conditions, the Company's ambitions within the area are to be fulfilled by DCC Energi Center A/S, also even though this company is not required by the legislation on gender diversity of Management.

Furthermore, DCC Energi Center A/S is to attract the best candidates and at the same time be a preferred employer for both genders. Since 2017, it has been an objective when recruiting executives and specialists that the process delivers strong candidates of both genders to qualify for the interview rounds, ensuring that the basis of recruitment for the top management of DCC Energi Danmark A/S is representative. For future purposes and by natural turnover, the objective is to comply with the Board of Directors' ambitions for equal gender distribution of the members of the Board of Directors and hire at least 1 board member from the under-represented gender by 2022.

Financial statements

Income statement 1 April 2017 - 31 March 2018

	Note	2018 DKK'000	2017 DKK'000
Revenue	2	2,318,105	1,718,593
Cost of sales		-1,972,864	-1,409,324
Gross profit		345,241	309,269
Sales and distribution costs	3,4,8,9	-131,909	-198,160
Administrative expenses	3,4	-122,798	-40,624
Ordinary operating profit		90,534	70,485
Financial income	5	9,392	230
Financial expenses	6	-4,427	-3,576
Profit before tax		95,499	67,139
Corporation tax	7	-21,015	-13,756
Profit for the year		74,484	53,383

Proposed profit appropriation

Proposed profit appropriation		
Proposed dividend	75,493	52,374
Retained earnings	-1,009	1,009
	74,484	53,383

Financial statements

Income statement 1 April 2017 - 31 March 2018

Assets

	Note	2018 DKK'000	2017 DKK'000
Goodwill	8	206,377	232,280
Acquired customer relations	8	11,242	13,888
Intangible assets		217,619	246,168
Fixtures and fittings, tools and equipment	9	9,270	8,578
Property, plant and equipment		9,270	8,578
Fixed assets		226,889	254,746
Inventories		5,252	4,064
Financial instruments		4,505	0
Trade receivables		395,867	296,468
Receivables from group entities	10	369,515	319,796
Deferred tax asset	11	2,673	0
Other receivables		454	406
Prepayments		505	188
Receivables		**773,519**	**616,858**
Cash at bank and in hand	10	3,482	103,492
Current assets		**782,253**	**724,414**
Total assets		**1,009,142**	**979,160**

Financial statements
Balance sheet at 31 March 2018

Equity and liabilities

	Note	2018 DKK'000	2017 DKK'000
Contributed capital		505	505
Share premium		310,495	310,495
Retained earnings		0	1,009
Proposed dividend for the year		75,493	52,374
Equity		**386,493**	**364,383**
Provision for deferred tax	11	0	5,113
Provisions		**0**	**5,113**
Prepayments received from customers		0	17,789
Trade payables		295,315	68,014
Payables to group entities		109,069	360,375
Joint taxation contribution payable		46,379	17,577
Other payables		171,886	145,909
Current liabilities other than provisions		**622,649**	**609,664**
Total equity and liabilities		**1,009,142**	**979,160**

Accounting policies	1
Contingencies	12
Use of derivative financial instruments	13
Related parties and ownership	14
Group structure	15
Events after the balance sheet date	16

Financial statements
Statement of changes in equity

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity at 1 April 2017	505	310,495	0	52,374	363,374
Correction of material error	0	0	1,009	0	1,009
Equity at 1 April 2017	505	310,495	1,009	52,374	364,383
Extraordinary dividend to shareholders	0	0	0	-52,374	-52,374
Results for the year	0	0	74,484	0	74,484
Proposed dividend to shareholders	0	0	-75,493	75,493	0
Equity at 31 March 2018	**505**	**310,495**	**0**	**75,493**	**386,493**

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity at 1 April 2016	505	310,495	0	34,618	345,618
Dividend paid to shareholders	0	0	0	-34,618	-34,618
Results for the year	0	0	53,383	0	53,383
Proposed dividend to shareholders	0	0	-52,374	52,374	0
Equity at 31 March 2017	**505**	**310,495**	**1,009**	**52,374**	**364,383**

The contributed capital consists of shares of nom. DKK 1 and multiple hereof. The capital is split into nom. 505,000 shares. The shares are not divided into share classes. During the last five years, there have been the following movements on the contributed capital:
On 9 July 2015, the contributed capital was increased from DKK 501 thousand to DKK 505 thousand by contribution of existing business at a price of 7,762,475.

Note

1 Basis of accounting

The annual report of DCC Energi Danmark A/S for 2017/18 has been prepared in accordance with the provisions applying to reporting class C large sized under the Danish Financial Statements Act.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as the cash flows are included in the consolidated cash flow statement of the DCC Group. Reference is made to consolidated financial statements of the DCC Group and the ultimate parent company DCC plc, which can be obtained at:

https://www.dcc.ie/investors

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The annual report has been presented in DKK.

Correction of material error

Management has identified a material error when determining the Company's current and deferred tax in the annual report for 2016/17. The error has been corrected directly in Equity at 1 April 2017 in the annual report for 2017/18 and in the comparative figures for 2016/17.

The monetary impact on the comparative figures is as follows:

Decrease in tax of the year (loss), 2016/17, from TDKK -14,765 to TDKK -13,756 by TDKK +1,009.

Increase in result of the year (income), 2016/17, from TDKK +52,374 to TDKK +53,383 by TDKK +1,009.

Decrease in deferred tax liability as at 31 March 2017, from TDKK 6,119 to TDKK 5,113 by TDKK -1,006.

Decrease in joint taxation contribution payable as at 31 March 2017, from TDKK 17,580 to TDK 17,577 by TDKK -3.

Increase in equity as at 31 March 2017, from TDKK 363,374 to TDKK 364,383 by TDKK +1,009.

Recognition and measurement

The financial statements have been prepared on the basis of historical cost.

Income is recognised in the income statement as earned. In addition, value adjustments of financial assets and liabilities, measured at fair value or amortised cost, are recognised. Further, all costs incurred to obtain revenue for the year, including write-down, depreciation, amortisation and provisions are recognised in the income statement.

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

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

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual accounting item below.

Recognition and measurement contunied

Certain financial assets and liabilities are measured at amortised cost, and thus, constant effective interest is recognised over the term. Amortised cost is calculated as original cost less payments and addition/deduction of the accumulated write-down of the difference between cost and nominal amount which allocates capital losses and capital gains over the term.

At measurement and recognition, consideration is given to unpredictable losses and risks occurring before the presentation of the annual report confirming or disconfirming matters that existed at the balance sheet date.

DKK is used as functional currency. Other currencies are regarded as foreign currency.

Measurement and recognition of the acquisition of activities

When activities are acquired, the difference between cost and the carrying amount of assets and liabilities acquired is stated at the date of acquisition following the adjustment of the individual assets and liabilities at fair value (purchase method). Residual positive differences are recognised in the balance sheet as intangible assets under customer relations and other identifiable intangible assets. Residual non-identifiable differences are recognised as goodwill.

Customer relations as well as other identifiable intangible assets and goodwill are amortised on a straight-line basis over their projected useful lives in the income statement. However, the useful lives are not to exceed 10 years.

Amortisation of goodwill and other intangible assets is recognised in the caption sales and distribution costs.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies, which are not recognised at the balance sheet date, are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date of transaction is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively. The rules for the financial hedging are applied, which is why fair value adjustments are continuously recognised in the income statement under cost of goods sold.

Segment information

Segment information is not provided neither on business segments nor on geographical markets as the Company only markets a segment to one market – sales and distribution of fossil fuels in Denmark.

INCOME STATEMENT

Revenue

Revenue from sale of goods for resale and finished goods is recognised in the income statement when the sale is has taken place. A sale is deemed to have taken place when:

- delivery has been made within the end of the financial year
- a binding sales agreement is present
- the sales price has been determined, and
- payment has been received or when it is probable that payment will be received.

Revenue is recognised excluding VAT and taxes charged less any discounts granted in connection with the sale.

Cost of sales

Cost of sales comprise consumption of goods and consumables used for obtaining revenue for the period.

Sales and distribution costs

Sales and distribution costs comprise costs concerning distribution, depreciation and adjustment of debtors due to loss or prevention of loss.

Administrative expenses

Administrative expenses comprise expenses for services rendered by the Company's affiliate DCC Energi Center A/S.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, realised and unrealised exchange rate adjustments as well as surcharges and refunds under the on-account tax scheme, etc.

Corporation tax

Tax for the year, which comprises current tax for the year and deferred tax for the year, is recognised in the income statement at the amount attributable to the profit/loss for the year. Tax recognised in the income statement is classified as tax on profit/loss from ordinary activities.

Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

The Company is included in the joint taxation with the parent company DCC Holding A/S, which is the taxable administrative company for the jointly taxed companies.

The tax effect of the joint taxation with the jointly taxed Danish companies is allocated between profitable as well as loss-making Danish entities in relation to their taxable income (full allocation with refunds for tax losses). The jointly taxed entities are included in the on-account tax scheme.

BALANCE SHEET

Intangible assets

Goodwill and acquired customer relations

Acquired goodwill and acquired customer relations are measured at cost less accumulated amortisation and impairment losses. Goodwill and acquired customer relations are amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas and are longest for strategically acquired entities with a strong market position and long-term earnings profile.

The basis of amortisation calculated as cost less any projected residual value is provided on a straight-line basis over the estimated useful life, which are as follows:

Goodwill 10 years

Acquired customer relations 1-10 years.

Impairment of intangible assets

The carrying amount of intangible assets is subject to an annual test to determine indications of impairment other than the decrease in value reflected by amortisation.

If there are indications of impairment, an impairment test is conducted to determine if the recoverable amount is lower than the carrying amount. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount of the asset is determined as the higher value of an asset's net selling price and its value in use. If it is not possible to determine a recoverable amount of the individual asset, the assets are assessed collectively in the smallest group of assets and an overall assessment of the recoverable amount may be reliably measured.

Goodwill and other assets where it is not possible to determine a separate value in use as the asset does not generate future cash flows is assessed for indication for impairment together with the group of assets to which they relate.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated impairment losses and depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Interest expenses on loans to finance property, plant and equipment are recognised in the income statement.

The basis of depreciation, which is calculated as cost less any projected residual value, is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment 5 years

Depreciation is recognised in the income statement and classified under the function to which the asset can relate.

Impairment of fixed assets

The carrying amount of fixed assets is subject to an annual test to determine indications of impairment other than the decrease in value reflected by write-down.

If there are indications of impairment, an impairment test is conducted to determine if the recoverable amount is lower than the carrying amount. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount of the asset is determined as the higher value of an asset's net selling price and its value in use. If it is not possible to determine a recoverable amount of the individual asset, the assets are assessed collectively in the smallest group of assets and an overall assessment of the recoverable amount may be reliably measured.

For assets where it is not possible to determine a separate value in use as the asset does not generate future cash flows, the indication of impairment is assessed together with the group of assets to which the assets relate.

Inventories

Inventories are measured at cost in accordance with the FIFO method or at net realisable value if this is lower.

The net realisable value of inventories is calculated at the amount expected earned at sale during ordinary course of business less costs of completion and costs necessary to make the sale. The net realisable value is determined taking into account marketability, obsolescence and development in expected selling price.

Cost comprises purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost in the balance sheet or a lower net realisable value, corresponding to fair value less write-down for bad debt losses. Write-down made for bad debt losses are calculated on the basis of an assessment of the individual receivables and for trade receivables also on a general write-down relying on the Company's past experience.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Cash at bank and in hand

Cash comprises cash at bank and in hand.

Dividend

Proposed dividend is recognised as a liability at the date on which they are adopted at the annual general meeting. The expected dividend payment for the financial year is disclosed as a separate item under equity.

Provisions

Provisions are recognised when the Company, as a result of an event occurring no later than at the balance sheet date, has a legal or constructive obligation, and it is probable that there will be an outflow of economic benefits to settle the liability.

Deferred tax assets and liabilities

Deferred tax is recognised of all temporary differences between carrying value and tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes as well as other items if these, except for acquisitions of entities, arose at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Where taxable value can be computed according to alternative taxation rules, deferred tax is measured on basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets and liabilities are presented as offset.

Current tax receivable and payable

Current tax receivable and payable is recognised in the balance sheet at the amount calculated on the basis of the year's expected taxable income adjusted for tax on taxable income from previous years. Tax receivable and payable are presented as offset to the extent set-off is allowed under relevant legislation and the items are expected to be settled as net amounts or at the same time.

FINANCIAL HIGHLIGHTS

Definitions of financial ratios

Gross margin	Gross profit/loss x 100 / Revenue
Operating margin (EBIT-margin)	Operating profit/loss x 100/ Revenue
Return on invested capital	Operating profit/loss x 100 / Total assets
Solvency ratio	Equity x 100 / Total assets
Return on equity	Profit/loss for the year x 100 / Average equity

Note		2018 DKK'000	2017 DKK'000
2	**Revenue**		
	Sale and transport of crude oil and oil products in Denmark	2,318,105	1,718,593
	Total revenue	2,318,105	1,718,593

3 Fee to auditor appointed by the annual general meeting

Pursuant to section 96(3) of the Danish Financial Statements Act, the Company has omitted to disclose fee to auditor appointed by the annual general meeting. Reference is made to the consolidated financial statements for DCC plc.

4 Staff

	2018	2017
Average number of full-time employees	0	0

The Company does not have any employees as the Company's activities are handled by the Management and employees employed in the affiliate, DCC Energi Center A/S. During 2017/18 the company have bought management and employee assistance for DKK 49.7 million, corresponding to an average of 81 full time employees.

5 Financial income

	2018	2017
Interest income from group entities	8,579	0
Other financial income	813	230
	9,392	230

6 Financial expenses

	2018	2017
Interest expenses to group entities	1,058	731
Other financial expenses	3,369	2,845
	4,427	3,576

Note		2018 DKK'000	2017 DKK'000
7	**Corporation tax**		
	Current tax for the year	28,799	17,577
	Deferred tax for the year	-7,784	-2,806
	Correction of tax regarding previous years	0	-1,015
	Total tax for the year	21,015	13,756
	Specified as follows:		
	Tax on profit for the year	21,015	14,771
	Correction of tax regarding previous years	0	-1,015
	Total tax for the year	21,015	13,756

		Goodwill DKK'000	**Acquired customer relations DKK'000**
8	**Intangible assets**		
	Cost at 1 April	315,294	61,284
	Additions during the year	5,938	14,000
	Disposals during the year	0	-9,817
	Cost at 31 March	321,232	65,467
	Amortisation and impairment losses at 1 April	83,014	47,396
	Amortisation and impairment losses during the year	31,841	6,829
	Amortisation and impairment losses at 31 March 2018	114,855	54,225
	Carrying amount at 31 March 2018	206,377	11,242
	Amortised over	10 years	1-10 years
	Amortisation and impairment losses of intangible assets have been expensed under these items:		
	Sales and distribution costs	31,841	6,829
		31,841	6,829

Note		Fixtures and fittings, tools and equipment DKK'000
9	**Property, plant and equipment**	
	Cost at 1 April	11,553
	Additions during the year	2,725
	Disposals during the year	-29
	Cost at 31 March	14,248
	Depreciation at 1 April	2,975
	Depreciation during the year	2,004
	Reversed depreciation on disposals during the year	-1
	Depreciation at 31 March	4,978
	Carrying amount at 31 March	9,270
	Depreciated over	2-5 years

Depreciation of property, plant and equipment have been expensed under these items:

Sales and distribution costs	2,004
	2,004

10 Cashpool and cash and cash equivalents

Part of the Company's cash at bank and in hand of a total DKK 373 million is included in the DCC Group's international cash pool and is included in the following balance sheet items:

	2018 DKK'000	**2017** DKK'000
Trade receivables	369,515	205,134
Receivables	0	0
Cash at bank and in hand	3,482	103,492
Total cashpool and cash and cash equivalents at 31 March 2018	372,997	308,626

Note

11 Deferred tax

	2018	2017
	DKK'000	DKK'000
Deferred tax at 1 April	-5,113	-8,934
Adjustment of deferred tax for the year	7,786	2,815
Correction of tax regarding previous years	0	1,006
Deferred tax at 31 March	2,673	-5,113

12 Contingencies

The Company is jointly taxed with other Danish entities in the DCC Group and is liable with the other jointly taxed companies for total corporation tax and any liabilities to pay witholding taxes on interest, royalties and for dividends for the jointly taxed companies. At the balance sheet date, there are no lawsuits against the Company.

13 Use of derivative financial instruments

The company hedges oil price risks in customer contracts where customers have contracted fixed prices by means of oil price swaps whereby floating oil prices in oil purchases are converted to fixed oil prices. The derivatives are settled in cash. The company applies hedge account. All realised and unrealised gains and losses are recognised directly in profit or loss under cost of goods sold.

	2017/18			
DKK'000	Notional amount (volume)	Value adjustment recognised in profit	Fair value	Remaining term
Oil price swaps	16,299	538	7,862	7 months

The fair value of oil price swaps are recognised in other receivables. Total net gain from oil swaps in 2017/18 amounts to 538 tDKK (2016/17: -3.470 tDKK). The remaining term is the average remaing term. The term of the individual swaps are between 1 and 21 months. The fair value of oil swaps are derived from market data using generally accepted valuation methods.

	2016/17			
DKK'000	Notional amount (volume)	Value adjustment recognised in profit	Fair value	Remaining term
Oil price swaps	16,987	-3,470	7,724	6 months

Note

14 Related parties and ownership

DCC Energi Danmark A/S' related parties include the following:

Control	**Basis**
DCC Holding Denmark A/S Nærum Hovedgade 8, 2850 Nærum	Principal shareholder
Other related parties	
DCC Energi Center A/S Nærum Hovedgade 8, 2850 Nærum	Group entity
Dansk Fuels A/S Nærum Hovedgade 8, 2850 Nærum	Group entity
Flogas Norge AS Nydalsveien 15, Oslo, Norge	Group entity
Flogas Sverige AB Brännkurgatan 63, Stockholm, Sverige	Group entity
DLG Service A/S Vesterbrogade 4A, 1620 København V	Minority shareholder
DCC Holding A/S Nærum Hovedgade 8, 2850 Nærum	Parent company
DCC plc and subsidiaries and associated thereto Brewery Road, Dublin, Irland	Ultimate parent company

Members of the Board of Directors and the Executive Board are mentioned under company details on page 5.

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act. During the financial year there have not been any such transactions.

Note

15 Group structure

The Company's Danish parent companies DCC Holding Denmark A/S and DCC Holding A/S do not prepare consolidated financial statements. The Company is included in the consolidated financial statements of:

DCC plc
DCC House
Brewery Road, Stillorgan
Blackrock
Co. Dublin, Ireland

DCC plc is both largest and smallest group for which consolidated financial statements are prepared. The consolidated financial statements can be obtained at DCC plc's website: https://www.dcc.ie/investors/reports

16 Significant events after the balance sheet date

No events have occurred after the balance sheet date that may materially affect the Company's financial position.