

Maersk Training A/S

Dyrekredsen 4, DK-5700 Svendborg

Annual Report for 1 January - 31 December 2017

CVR No 32 57 01 19

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/4 2018

Alice Vestergaard Trolle
Chairman

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Management's Statement

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

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

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

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

Svendborg, 26 April 2018

Executive Board

Johan Pedersson Hay Ugglå

Board of Directors

Lars-Erik Brenøe
Chairman

Jørn Peter Madsen

Maria Aagaard Pejter

Independent Auditor's Report

To the Shareholders of Maersk Training A/S

Opinion

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

We have audited the Financial Statements of Maersk Training A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management

Independent Auditor's Report

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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope

Independent Auditor's Report

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 26 April 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Kristian Pedersen
State Authorised Public Accountant
mne35412

Company Information

The Company

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Dyrekredsen 4
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CVR No: 32 57 01 19
Financial period: 1 January - 31 December
Municipality of reg. office: Svendborg

Board of Directors

Lars-Erik Brenøe, Chairman
Maria Aagaard Pejter
Jørn Peter Madsen

Executive Board

Johan Pedersson Hay Uggla

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	<u>2017</u> TDKK	<u>2016</u> TDKK	<u>2015</u> TDKK	<u>2014</u> TDKK	<u>2013</u> TDKK
Key figures					
Profit/loss					
Gross profit/loss	75.504	82.356	96.418	-5.380	-3.074
Profit/loss before financial income and expenses	-15.449	11.203	3.155	-18.067	-11.306
Net financials	-20.334	-48.694	-70.693	25.635	9.646
Net profit/loss for the year	-31.136	-35.391	-68.185	12.037	1.391
Balance sheet					
Balance sheet total	380.868	434.468	478.756	286.818	113.346
Equity	156.512	115.009	148.292	115.719	32.734
Investment in property, plant and equipment	2.762	14.998	4.103	-83.843	400
Number of employees	95	101	115	13	7
Ratios					
Return on assets	-4,1%	2,6%	0,7%	-6,3%	-10,0%
Solvency ratio	41,1%	26,5%	31,0%	40,3%	28,9%
Return on equity	-22,9%	-26,9%	-51,7%	16,2%	4,3%

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

Maersk Training A/S merged with two subsidiaries as of 1 January 2015. Comparatives regarding 2013-2014 has in accordance with the Danish Financial Statements Act not been restated.

Management's Review

Main activity

Maersk Training is a fully owned subsidiary in the A.P. Moller - Maersk Group, offering high quality development of staff skills, knowledge, H2S supervision and servicing of safety equipment and competency for customers within the Maritime, Oil & Gas and Renewable Energy industries.

The mission for Maersk Training is to enable its customers to improve safety and operational excellence, through a broad number of diverse product lines focused at above industries. Maersk Training has established centres worldwide with a suite of operational equipment as well as advanced simulators, enabling customers to train staff in fully immersive simulated environments, where entire crews can be trained and their competencies assessed.

Development in 2017

Maersk Training has up till 2015 been executing an aggressive growth strategy, commercializing a unique offering, which for decades was reserved for the A.P. Moller – Maersk Group.

The industry environment continued to be challenging in 2017. Offshore rigs in operation recovered slightly in second half of year, ending at 514 rigs in operation compared to 484 in beginning of year. Continued focus on cost was the main topic for our clients.

Maersk Training managed to reasonably mitigate the severe effects from a challenging market, and perform superior to the market development, by taking additional market share in important segments of its core business.

In 2017, a capital contribution from A.P. Moller – Maersk Group of 85 mDKK has been carried out to further strengthen the Company's financial position.

2017 ended above expectations for the year and considering the current market conditions, particular performance in H2S services where good. The 2017 results are acceptable, but are not regarded satisfactory as the company does not deliver a positive return.

Management's Review

Investments

During the year Maersk Training has only made minor investments.

Risks

Maersk Training's income and expenditure are spread across several currencies. Based on specific assessments the company uses financial instruments to reduce this risk and impact in general of exchange rate fluctuations, etc.

The company has a certain concentration of customers but no significant dependency on any particular customer. The company has no significant credit risk.

Health, Safety and Environment

The core focus in Maersk Training is assisting our customers to improve safety and avoid accidents. Likewise, it is a key focus of Maersk Training to keep employees and course participants safe and free of accidents. Constant efforts are made to promote ever higher safety standards among all employees, participants and suppliers.

The environment is a high priority area for the Company. Although the Company's energy consumption is not particularly demanding, the Company is constantly trying to find ways to reduce energy consumption, making its business activity as energy efficient as possible through technical innovation, as well as improving processes and operations in the centres.

Outlook for 2018

The market looks equally challenging in 2018, so tough market conditions must be expected in all our markets and focus industries, with lower volume of staff in need of competence development and certification.

It is however also a market with significant opportunities for a company with unique offerings and Maersk Training will in 2018 continue to improve its market share.

Income Statement 1 January - 31 December

	Note	2017 TDKK	2016 TDKK
Gross profit/loss		75.504	82.356
Staff expenses	1	-78.841	-64.150
Depreciation of property, plant and equipment		-12.528	-13.125
Other operating income		485	6.426
Other operating expenses		-69	-304
Profit/loss before financial income and expenses		-15.449	11.203
Income from investments in subsidiaries		-8.819	-36.961
Financial income	2	364	365
Financial expenses	3	-11.879	-12.098
Profit/loss before tax		-35.783	-37.491
Tax on profit/loss for the year	4	4.647	2.100
Net profit/loss for the year		-31.136	-35.391
 Proposed distribution of profit/loss	 5		

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2017</u> TDKK	<u>2016</u> TDKK
Land and buildings		115.115	119.532
Plant, equipment and machinery		24.288	30.418
Property, plant and equipment in progress		<u>880</u>	<u>564</u>
Property, plant and equipment	6	<u>140.283</u>	<u>150.514</u>
Investments in subsidiaries	7	<u>151.413</u>	<u>167.751</u>
Fixed asset investments		<u>151.413</u>	<u>167.751</u>
Fixed assets		<u>291.696</u>	<u>318.265</u>
Trade receivables		17.379	8.684
Receivables from group enterprises		49.977	91.895
Other receivables		850	752
Corporation Tax		1.302	0
Deferred tax asset	8	19.596	14.805
Prepayments		<u>11</u>	<u>0</u>
Receivables		<u>89.115</u>	<u>116.136</u>
Cash at bank and in hand		<u>57</u>	<u>67</u>
Currents assets		<u>89.172</u>	<u>116.203</u>
Assets		<u>380.868</u>	<u>434.468</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2017 TDKK	2016 TDKK
Share capital	9	10.000	10.000
Retained earnings		<u>146.512</u>	<u>105.009</u>
Equity		<u>156.512</u>	<u>115.009</u>
Other provisions	7	<u>6.527</u>	<u>4.005</u>
Provisions		<u>6.527</u>	<u>4.005</u>
Credit institutions	10	16.512	17.861
Lease obligations	10	30.129	30.881
Payables to group enterprises	10	<u>110.932</u>	<u>192.409</u>
Long-term debt		<u>157.573</u>	<u>241.151</u>
Credit institutions	10	2.197	17.390
Lease obligations	10	752	631
Trade payables		7.956	11.049
Payables to group enterprises	10	7.242	6.040
Other payables		34.798	27.954
Deferred income		<u>7.311</u>	<u>11.239</u>
Short-term debt		<u>60.256</u>	<u>74.303</u>
Debt		<u>217.829</u>	<u>315.454</u>
Liabilities and equity		<u>380.868</u>	<u>434.468</u>
Contingent liabilities and other financial obligations	11		
Related parties and ownership	12		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
2017			
Equity at 1 January	10.000	105.009	115.009
Exchange adjustments relating to foreign entities	0	-12.361	-12.361
Contribution from Group	0	85.000	85.000
Net profit/loss for the year	<u>0</u>	<u>-31.136</u>	<u>-31.136</u>
Equity at 31 December	<u>10.000</u>	<u>146.512</u>	<u>156.512</u>
2016			
Equity at 1 January	10.000	138.292	148.292
Exchange adjustments relating to foreign entities	0	7.080	7.080
Other equity movements	0	-4.972	-4.972
Net profit/loss for the year	<u>0</u>	<u>-35.391</u>	<u>-35.391</u>
Equity at 31 December	<u>10.000</u>	<u>105.009</u>	<u>115.009</u>

Notes to the Financial Statements

	<u>2017</u> TDKK	<u>2016</u> TDKK
1 Staff expenses		
Wages and salaries	70.326	56.090
Pensions	5.387	5.607
Other social security expenses	489	696
Other staff expenses	<u>2.639</u>	<u>1.757</u>
	<u>78.841</u>	<u>64.150</u>
 Average number of employees	 <u>95</u>	 <u>101</u>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
2 Financial income		
Interest received from group enterprises	364	360
Other financial income	<u>0</u>	<u>5</u>
	<u>364</u>	<u>365</u>
3 Financial expenses		
Interest paid to group enterprises	5.503	6.842
Other financial expenses	<u>6.376</u>	<u>5.256</u>
	<u>11.879</u>	<u>12.098</u>
4 Tax on profit/loss for the year		
Current tax for the year	-1.302	0
Deferred tax for the year	-4.791	-405
Adjustment of tax concerning previous years	<u>1.446</u>	<u>-1.695</u>
	<u>-4.647</u>	<u>-2.100</u>
5 Proposed distribution of profit/loss		
Proposed dividend for the year	0	0
Retained earnings	<u>-31.136</u>	<u>-35.391</u>
	<u>-31.136</u>	<u>-35.391</u>

Notes to the Financial Statements

6 Property, plant and equipment

	Land and buildings	Plant, equipment and machinery	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	139.289	67.042	564	206.895
Additions for the year	0	2.446	316	2.762
Disposals for the year	<u>0</u>	<u>-1.492</u>	<u>0</u>	<u>-1.492</u>
Cost at 31 December	<u>139.289</u>	<u>67.996</u>	<u>880</u>	<u>208.165</u>
Impairment losses and depreciation at 1 January	19.757	36.624	0	56.381
Depreciation for the year	4.417	8.111	0	12.528
Reversal of depreciation of sold assets	<u>0</u>	<u>-1.027</u>	<u>0</u>	<u>-1.027</u>
Impairment losses and depreciation at 31 December	<u>24.174</u>	<u>43.708</u>	<u>0</u>	<u>67.882</u>
Carrying amount at 31 December	<u>115.115</u>	<u>24.288</u>	<u>880</u>	<u>140.283</u>
Including assets under finance leases amounting to	<u>25.934</u>			

Notes to the Financial Statements

	<u>2017</u> TDKK	<u>2016</u> TDKK
7 Investments in subsidiaries		
Cost at 1 January	305.059	269.700
Additions for the year	<u>12.253</u>	<u>35.359</u>
Cost at 31 December	<u>317.312</u>	<u>305.059</u>
Value adjustments at 1 January	-143.096	-108.243
Exchange adjustment	-12.361	7.080
Net profit/loss for the year	-8.819	-36.961
Dividends received	-10.000	0
Other equity movements, net	<u>0</u>	<u>-4.972</u>
Value adjustments at 31 December	<u>-174.276</u>	<u>-143.096</u>
Equity investments with negative net asset value set off against receivables	1.850	1.782
Equity investments with negative net asset value moved to liabilities	<u>6.527</u>	<u>4.005</u>
Carrying amount at 31 December	<u>151.413</u>	<u>167.751</u>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Votes and ownership</u>
Maersk Training Aberdeen Ltd.	Aberdeen, GB	100%
Maersk Training Services India Pvt. Ltd.	Chennai, IN	100%
Maersk Training Centre India Pvt. Ltd.	Chennai, IN	100%
Maersk Training Newcastle Limited	Newcastle, GB	100%
Maersk Training Norway AS	Stavanger, NO	100%
Maersk Training Brasil Treieimentos Maritimos Ltda	Rio de Janeiro, BR	100%
Maersk Training Nigeria Ltd	Port Harcourt, NG	100%
Maersk Training, Inc.	Houston, US	100%
Maersk H2S Safety Service A/S	Esbjerg, DK	100%
Maersk Training DWC-LLC	Dubai, AE	100%

Notes to the Financial Statements

	<u>2017</u> TDKK	<u>2016</u> TDKK
8 Deferred tax		
Deferred tax at 1 January	14.805	14.400
Deferred tax for the year recognised in profit/loss for the year	<u>4.791</u>	<u>405</u>
Deferred tax at 31 December	<u>19.596</u>	<u>14.805</u>
Deferred tax relates to:		
Tangible fixed assets	14.110	11.430
Provisions	<u>5.486</u>	<u>3.375</u>
Deferred tax at 31 December	<u>19.596</u>	<u>14.805</u>

9 Equity

The share capital consists of 10,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	<u>2017</u> TDKK	<u>2016</u> TDKK	<u>2015</u> TDKK	<u>2014</u> TDKK	<u>2013</u> TDKK
Share capital at 1 January	10.000	10.000	8.000	7.000	7.000
Capital increase	<u>0</u>	<u>0</u>	<u>2.000</u>	<u>1.000</u>	<u>0</u>
Share capital at 31 December	<u>10.000</u>	<u>10.000</u>	<u>10.000</u>	<u>8.000</u>	<u>7.000</u>

10 Long-term debt

Payments due within 1 year are classified as short-term debt.

The debt falls due for payment as specified below:

	<u>2017</u> TDKK	<u>2016</u> TDKK
Credit institutions		
After 5 years	11.078	12.004
Between 1 and 5 years	<u>5.434</u>	<u>5.857</u>
Long-term part	16.512	17.861
Within 1 year	<u>2.197</u>	<u>17.390</u>
	<u>18.709</u>	<u>35.251</u>

Notes to the Financial Statements

10 Long-term debt (continued)

	<u>2017</u> TDKK	<u>2016</u> TDKK
Lease obligations		
After 5 years	25.685	27.036
Between 1 and 5 years	<u>4.444</u>	<u>3.845</u>
Long-term part	30.129	30.881
Within 1 year	<u>752</u>	<u>631</u>
	<u>30.881</u>	<u>31.512</u>
Payables to group enterprises		
Between 1 and 5 years	<u>110.932</u>	<u>192.409</u>
Long-term part	<u>110.932</u>	<u>192.409</u>
Within 1 year	5.000	4.554
Other short-term debt to group enterprises	<u>2.242</u>	<u>1.486</u>
Short-term part	<u>7.242</u>	<u>6.040</u>
	<u>118.174</u>	<u>198.449</u>

11 Contingent liabilities and other financial obligations

Rental agreements and leases

Lease obligations under operating leases. Total future lease payments:

	<u>2017</u> TDKK	<u>2016</u> TDKK
Within 1 year	34	34
Between 1 and 5 years	<u>40</u>	<u>74</u>
	<u>74</u>	<u>108</u>
Rental agreements, non-cancellation period of 6 month	1.868	2.122

Contingent liabilities

The Danish companies of the A.P. Møller - Mærsk Group are jointly and severally liable for tax on consolidated taxable income.

The Company has provided guarantees at TNOK 737 to an external party regarding Maersk Training Norway AS' lease of buildings.

The Company has provided guarantees at TUSD 2.481 to an external party regarding Maersk Training, Inc.'s lease of buildings.

Notes to the Financial Statements

12 Related parties and ownership

Transactions

The company has as part of its business significant transactions with subsidiaries and other companies in the A.P. Møller - Mærsk Group.

Consolidated Financial Statements

The Company is included in the 2017 consolidated financial statements of A.P. Møller – Mærsk A/S, Cvr.: 22 75 62 14, and A.P. Møller Holding A/S, Cvr.: 25 67 92 88, who holds a controlling interest.

Accounting Policies

Basis of Preparation

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

The accounting policies applied remain unchanged from last year.

Financial Statements for 2017 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of A.P. Møller - Mærsk A/S, Cvr.: 22 75 62 14, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of A.P. Møller - Mærsk A/S, Cvr.: 22 75 62 14, the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

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

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

Leases

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

Accounting Policies

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

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

Translation policies

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

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

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

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue is recognised when the risks and rewards have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

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

Staff expenses

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

Accounting Policies

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with Danish companies in the A.P. Møller - Mærsk Group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

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

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

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

Buildings	50	years
Buildings on leased land	10-20	years
Other fixtures and fittings, tools and equipment	3-10	years

Depreciation period and residual value are reassessed annually.

Accounting Policies

Investments in subsidiaries

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

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

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

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

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

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

Deferred tax assets and liabilities

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

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

Accounting Policies

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

Current tax receivables and liabilities

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

Financial debts

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

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$