Bladt Holding A/S

Nørredybet 1

9220 Aalborg Øst

Annual report 2018

(7^{th} financial year)

CVR No. 34 07 34 30

Adopted at the Annual General Meeting 26 April 2019

____

Chairman of the Annual General Meeting

Morten Steensen Jacobsen

Contents

Management Review

The Bladt Group

Bladt Holding A/S is the parent company of Bladt Industries Holding A/S and thereby of Bladt Industries A/S and its subsidiaries. Jointly, these companies comprise the Bladt Group with Bladt Industries A/S as the Group's operating company.

The Bladt Group construct steel solutions for our clients within three main business areas: wind and renewable energy, the oil and gas industry and the infrastructure market.

Wind and renewable energy is the largest area out of the three business areas. In total, our reference list now counts 21 substations and more than 1,700 foundations.

The oil and gas industry is where our offshore adventure took off more than 40 years ago. Our expertise and know-how covers steel structures such as modules, topsides, jackets as well as suction anchors

The infrastructure market is where the story of Bladt Group started more than 50 years ago. Our Infrastructure Division delivers various steel structures – from bridges, steel tanks and buildings to harbour and marine facilities. The key market for our infrastructure business is projects with a significant share of steel structures with complexity where we can utilize the knowledge of the team.

Our employees are key to ensure successful project execution. The qualifications and dedication of our employees is the backbone of the continued development of Bladt Group and the range of projects we execute.

Safety always comes first at Bladt Group. We believe that the health, safety and welfare of our employees and our cooperation partners is embedded in everything we do and we continue to strengthen our safety first focus.

Our facilities all with direct access to the seaways and with the infrastructure in place to handle large-scale constructions are a large part of our ability to play a leading role in the offshore business.

Quality is paramount for Bladt Group and for our customers. It is part of the "Bladt DNA" to deliver high-quality steel constructions to our clients.

Our customers are the source of our success. We focus on developing strong relations with our customers as trusted partners by meeting and exceed their requirements and expectations.

Management Review

Financial Highlights for the Group

DKKm	2018	2017	2016	2015	2014
Key figures					
Revenue	1,455.3	3,086.3	3,484.0	2,949.5	3,201.3
Gross profit	64.0	-0.5	127.5	104.6	-13.1
Earnings before interest, tax, depreciation and amortization (EBITDA)	87.6	57.1	184.7	167.5	53.3
EBITDA excl. one-off items[2)]	147.4	146.9	194.7	181.9	58.8
Earnings before interest, tax, (EBIT)	14.6	-31.4	94.1	75.6	-35.5
Profit/loss from financial income and expense	-21.2	2.1	-56.9	-58.3	-42.3
Profit/loss for the year	-3.8	-17.5	26.7	10.9	-61.5
Non-current assets	378.4	437.6	535.9	618.7	659.0
Current assets	784.4	931.8	1,363.1	1,074.7	1,272.9
Total assets	1,162.8	1,369.4	1,899.0	1,693.4	1,931.9
Equity	406.0	410.1	423.0	403.8	398.2
Non-current liabilities	345.6	363.6	424.5	434.5	483.1
Current liabilities	411.1	595.7	1,051.5	855.1	1,050.7
Net interest bearing debt/Net cash	119.9	-81.7	-37.6	-57.2	139.5
Investment in property, plant and equipment	13.8	3.7	17.5	27.0	48.3
Cash flows from operating activities	266.8	-72.9	86.5	-77.6	65.9
Cash flows from investing activities	-13,8	45.0	-17.6	-67.2	-48.3
Cash flows from financing activities	-51,6	-16.5	-49.0	-51.9	-43.1
Total cash flows	201.4	-44.5	68.9	-144.8	17.6
Financial ratios[1)]					
Operating margin (%)	1.0	-0.0	2.7	2.6	-0.0
Solvency ratio (%)	34.9	29.9	22.3	23.8	20.6
Return on equity (%)	3.6	-7.5	22.8	18.8	-8.4
ROIC (%)	3.8	-6.6	20.4	21.0	-12.8
ROIC excl. one-off items (%)[2)]	19.1	12.3	22.6	25.0	-10.8
Average number of employees	370	566	648	606	678

1) The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For financial ratio definitions, please see page 68.

2) Reconciliation of one-off items effecting EBITDA to internal reporting.

Management Review

Going global

During 2018, Bladt Group continued to play an important role in the globalization of the offshore wind industry with the closing of a joint venture agreement with our Taiwanese partner to create a jointly owned production facility for offshore wind turbine foundations in Taiwan – named Century Bladt Foundation Co. Ltd. The production facility is under construction. Together with the signature of the first order for production of foundations for offshore wind at Century Bladt Foundations Co. Ltd. this is a significant step in the development of an industrial scale offshore wind industry outside Northern Europe. At Bladt Group, we are pleased to play our role in this development and believe that the globalization of offshore wind holds attractive commercial opportunities for Bladt Group.

In Europe, 2018 was a challenging year for the offshore wind industry supply chain. Several projects were delayed as offshore wind developers awaited larger wind turbines. This caused a temporary, but significant, slowdown in the offshore wind supply chain activity affecting both Bladt Group and other supply chain players. Thus, Bladt Group recorded revenues of DKK 1,455 million, which was a significant decrease, compared to 2017 (3,086 million). However, due to very strong execution customers project portfolio I 2018, earnings before interest and tax grew to DKK 15 million (2017: -31 million). Both in the short and long term the offshore wind industry activity is expected to grow significantly both in existing European markets and in emerging overseas markets.

During 2018, Bladt Group worked on foundations for wind turbines for five offshore wind farms totaling 260 foundations across these wind farms. Also, Bladt Group worked on five substations for two different offshore wind farms in 2018. Customers decide to move some of the orders within offshore wind from other suppliers in the market and placed these with Bladt Group instead to ensure the delivery of the contracts.

Bladt Group 2018: Entering Taiwan and XL monopoles

The activity level at Bladt Group in 2018 was affected by a temporary slowdown in the entire offshore wind industry with postponements of offshore wind development projects in e.g. Denmark, France, and the Netherlands. This has impacted the supply chain for offshore wind foundations and substations as well as other parts of the offshore wind value chain in 2018 and has caused the revenues of Bladt Group to be significantly lower in 2018 compared to 2017. However, the underlying project activity at Bladt Group has due to the mix of contracts been higher than reflected by the revenues. For a number of projects executed by Bladt Group in 2018, the order was originally awarded to new entrants in the market pursuing market share. Some of these new entrants struggled with delivery and performance of these orders and this led to some orders being moved away from these new entrants to more established tier one suppliers in the market such as Bladt Group. Therefore, for such projects, Bladt Group has completed the work, but did not commence the work including for instance purchasing steel thereby reducing revenues without reducing the activity level. Together with a successful execution of the project portfolio, this has led to improved earnings in 2018 compared to 2017 – despite the lower revenues.

The project portfolio executed by Bladt Group in 2018 included the finalization of offshore wind turbine transition piece foundations for the Hornsea One and the Horns Rev 3 offshore wind farms. Further, the project portfolio included the initiation of transition piece foundations for the Borssele 1 and 2 offshore wind farm as well as the initiation of both large (“XL”) monopile and transition piece foundations for the Northwester 2 offshore wind farm – and the production for both Borssele 1 and 2 and Northwester 2 will gain full momentum in 2019.

Thus, the order contracted for the Northwester 2 offshore wind farm for the fabrication of XL monopiles and transition pieces mark the return of monopile fabrication to Bladt Group production site in Aalborg Denmark. To this end, Bladt Group has been and will be investing in expansion of the production facilities in 2018 and in 2019. Bladt Group are determined to continue the development to be a leading market participant within fabrication of monopiles in addition to transition pieces and already has further monopile production projects in the pipeline of projects for 2019/2020.

Als the project portfolio of Bladt Group in 2018 included jacket foundations for offshore wind turbines. Bladt Group finalized the production of 30 jacket foundations for the Beatrice offshore wind farm successfully completing our third consecutive project with fabrication of jacket foundations for offshore wind turbines.

In August 2018, Bladt Group and Taiwanese partner Century Wind Power signed a joint venture agreement to jointly own and operate a production facility for foundations for offshore wind turbines in Taipei Harbour in Taiwan. The joint venture company will be named Century Bladt Foundation Co., Ltd. The Taiwanese offshore wind market will take off from 2020 and by 2025 a total of 5.5 gigawatt of

Management Review

offshore wind capacity is expected to be installed in Taiwanese waters. The foundation types in Taiwan will primarily be jacket foundations. This agreement is a landmark for the emerging development of a Taiwanese supply chain for offshore wind as it brings together a well-established local fabricator with an experienced international offshore wind tier one supplier with a large track record in offshore wind.

After signature of the joint venture agreement, the incorporation of the new legal entity in Taiwan is now ongoing. Also ongoing is the construction of the production facility which is an investment made by our partner Century Wind Power – the joint venture will rent the production facility and utilize it for fabrication of offshore wind foundations. Assembly/fabrication will be the scope of work undertaken by the joint venture, while Bladt Group will undertake the scope of work related to managing the sourcing of all sub-assemblies and components for the foundations from an international supplier base. The new facility will be fully operational during 2019 and already there is the first contract for production of jacket foundations for a Taiwanese offshore wind farm in place.

The activity level within substations for offshore wind farms was high at Bladt Group in 2018. Bladt Group completed the production of a total of three offshore substations plus one offshore reactor substation for the Hornsea One offshore wind farm. Further, Bladt Group initiated the fabrication of the offshore substation for the Northwester 2 offshore wind farm.

Within the infrastructure business area Bladt Group' activities in 2018 included multiple projects, including for instance Denmark's longest indoor bridge in Copenhagen Airport linking the security area directly with the metro station, an architecturally innovative addition to the Kistefos museum in Norway, the bridge for the Køge Nord Station crossing freeway lanes and railroad tracks, various harbour infrastructure projects in Denmark and Norway as well as steel works in Helsinki Airport.

Bladt Group is looking into 2019 with a strong order book for offshore wind projects and in addition to these firm orders, Bladt Group have already been appointed as preferred supplier for a number of additional projects for execution in 2019 and beyond. This is based on Bladt Group being seen as "on-cost efficient on-time and on-quality and safely delivery for our customers".

In order to further solidify Bladt Group' leading positon as a tier one supplier to offshore wind projects, we – at the end of 2018 – initiated large scale optimization programs within operations and procurement. We expect these programs to deliver substantial efficiency improvements starting during 2019 with full effect from 2020.

Market Developments

The markets of highest relevance to Bladt Group are the global markets for offshore wind, the North Sea oil and gas market and the Nordic steel related infrastructure markets (e.g. bridges, tanks, harbour and marine installations etc.).

As expected, the European offshore wind markets for foundations and substations under fabrication – which are driven by gigawatts to be installed in the coming years – were decreasing in 2018 due to postponements of projects into late 2018 and early 2019. This caused a lower activity level for the majority of 2018. On the other hand 2019 is expected to be a year of increased activity – partly as a result of the postponements impacting 2018. Looking forward, the offshore wind market both in terms of gigawatts and in terms of tonnage of foundations are expected to show double-digit annual growth rates in the years to follow both in established European markets and in emerging overseas markets. 60% of the global growth is expected to happen within the European offshore wind market. Installed global capacity is expected to grow from 18 GW to app 160 GW in 2030.

The North Sea offshore oil and gas market activity continued at a low level in 2017 due to oil prices remaining relatively low. Going forward some growth is expected due to upgrades of existing oil and gas fields in the North Sea; however, this will be dependent on the oil price development as well as developments in the regulatory framework for North Sea offshore oil and gas.

Management Review

The Decade of Offshore Wind

On the verge of the 2020s offshore wind is projected to enter a phase of significant growth and to make the leap into an important source of renewable energy in the global energy mix. The expected double-digit annual average market growth rates in the coming years for offshore wind are of course driven by the environmental sustainability of offshore wind. However, with the recent low and partially subsidy-free energy prices of offshore wind realized at recent offshore wind auctions this environmental sustainability is now complemented with financial sustainability. All in all, these factors combine to make offshore wind an attractive energy source with a bright future.

Another driver of the expected offshore wind market growth is the expansion of offshore wind internationally. Traditionally, offshore wind has been solely a Northern Europe business (North Sea, Irish Sea, Baltic Sea). In recent years this has been supplemented with the emerging Chinese offshore wind market.

In the coming years further countries will join the ranks of offshore wind producing countries. The Taiwanese market will grow and add 5.5 GW of offshore wind capacity by 2025 – these targets are shared by the Taiwanese governments, by experienced international offshore wind developers and by established international supply chain players such as Bladt Group. Also, the US offshore wind market is expected to take off initially on the East Coast with a first large commercial scale offshore wind farm to be built in Massachusetts in the coming years. During the coming decade, markets such as for instance France, Poland Japan, Australia, Vietnam and South Korea are also expected to build commercial scale offshore wind farms.

Overall, both the established European markets as well as emerging overseas markets are expected to contribute to the significant growth of offshore wind in terms of gigawatt installed – as can be seen from the graph below (which shows the global market excluding China). In terms of accumulated tonnage of foundations, this is projected to display a similar growth rate driven by a lower number of foundations per gigawatt (due to larger wind turbines) and heavier foundations (due to larger wind turbines and deeper waters of new offshore wind farms). Monopile-transition piece type foundations are expected to continue to be the most prevalent type of foundations for offshore wind turbines also in the coming years. Monopiles are expected to continue to grow in size to cater for the increased turbine size and the deeper waters. However, jacket foundations are projected to play an increasing role – both in UK and France with larger turbines and deeper waters and in Taiwan due to the seabed conditions and the risk of natural disasters. Longer term, floating foundations will also emerge – e.g. for the Japanese waters and the US West Coast. Such floating foundations are also expected to have a very high steel content.

Bladt Group is uniquely positioned to capitalize on this projected market growth. This position builds on our very strong track record within delivery of offshore wind foundations and substations to date. It is complemented by the international cooperation with strong local players in emerging markets – as exemplified by our joint venture in Taiwan and the preparations for entry into the US market. Further, the re-entry into monopile production with the establishment of XL monopile fabrication facilities underpin this position – as does the operational and procurement excellence programs currently being implemented at Bladt Group

Financial Review

In 2018, Bladt Group recorded revenues of DKK 1,455 million (2017: 3,086 million) which is a decrease of 53% nominally and organically. As stated above, the lower revenue level is the result of a temporary slowdown in the entire offshore wind supply chain and the contractual scope – also impacting offshore foundations and sub-stations.

Gross profit amounted to DKK 64 million (2017: -1 million), representing a significant increase of despite the lower revenue level. In spite of the lower revenues, the very strong execution of Bladt Group' project portfolio in 2018 together with a high project activity including projects taken over from other players in the market (i.e. with less steel purchased by Bladt Group as part of revenues) have driven the increase in gross profit. A project from 2014 which continues to involve disagreement regarding the settlement of variation orders and claims between Bladt Group and the customers on this specific project. Here Bladt Group has commenced arbitrational proceedings which continue to be ongoing. Bladt Group and its legal advisers are confident in its position and the merits of the case. As with all such disagreements there is

Management Review

uncertainty as to the financial outcome of the dispute which can have a significant positive or negative effect.

Capacity costs have increased in 2018 compared to 2017 reflecting the high underlying project activity. Capacity costs are also impacted by increased costs related to concluding the joint venture agreement in Taiwan and by costs related to the change of CEO at the beginning of 2018. Operating profits (EBIT) increased to DKK 14 million (2017: -31 million) and are positively impacted by the strong execution of the project portfolio in spite of the lower revenues. In 2017, the result from joint ventures improved significantly with divestiture of ownership shares in Bladt Group' previous UK joint venture – no such divestiture or other major change took place in 2018. Overall profit before tax increased to DKK -6 million (2017: -29 million)

Tax on profits for the year, consisting of current tax of DKK 1 million and changes in deferred tax of DKK -4 million, amounted to a tax income of DKK 3 million (2017: tax income of 12 million) corresponding to a tax rate of 43.1% (2017: 40.1%). Profit for the year after tax amounted to DKK 4 million (2017: -17 million) which is slightly above the expectations for the year and satisfactory in light of the temporary slowdown of the offshore wind supply chain in 2018.

At the end of 2018, total assets amounted DKK 1,163 million (2017: 1,369 million) and total equity amounted to DKK 406 million (2017: 410 million). During the year only group internal dividends were paid, no dividends were distributed to shareholders outside the Bladt Group. The Board of Directors recommends to the annual general meeting that no dividends be declared in respect of the 2018 financial year.

In 2018, Bladt Group realized a very strong cash flow from operations of DKK 294 million (2017: -17 million). The cash flow is positively impacted by the strong execution of the project portfolio of Bladt Group and by changes in working capital which – as expected – improved significantly in 2018. Such working capital fluctuations at different points in time are common for large scale contracts. Net cash flow from investment activities amounted to DKK -14 million including the commencement of investments into expanding the XL monopile production capacity (2017: 45 million including cash-in from the divestiture of Bladt Group' ownership share in a UK production joint venture in 2017). Total cash flows from operations, investments and financing amounted to DKK 201 million (2017: -45 million).

No events of significant importance to the financial statements and annual report for 2018 have occurred after the end of the financial year.

Outlook 2019

After the offshore wind market having been challenging for the entire industry in 2018 with a lower activity level due to postponements of wind farms, the outlook for 2019 is improving with increased activity in the building of new offshore wind farms. Thus, the revenues, the gross profit as well as the earnings before tax of Bladt Group are all expected to be at a higher level in 2019 compared to 2018. The outlook is based on a solid order book for 2019 which secures a large part of the 2019 outlook. This order book includes wind turbine foundations for the Borssele 1+2, the Northwester 2 and the Kriegers Flak offshore wind farms, offshore substations for the Hornsea One and the Northwester 2 offshore wind farm, new building at Kistefos museum, various harbour infrastructure projects as well as numerous other infrastructure projects. In addition to these firm orders, Bladt Group have already been appointed as preferred supplier for a number of additional projects for execution in 2019 and beyond.

Corporate Governance

Governance, Board of Directors and Management

In 2012, Bladt Holding A/S acquired all shares in Bladt Industries Holding A/S and thereby in Bladt Industries A/S. Nordic Capital Fund VII is the ultimate majority shareholder in Bladt Holding A/S, and a number of executives and board members also hold shares and warrants in Bladt Holding A/S.

By virtue of its ownership, the Group is subject to the "Guidelines for responsible ownership and corporate governance" laid out by the Danish Venture Capital and Private Equity Association (DVCA). It is Bladt Holding's intention to comply with the guidelines including substantiating any deviation. Further information regarding the guidelines is available at DVCA's website www.dvca.dk.

Moreover, Bladt Holding is also subject to other requirements including the Danish Public Companies Act, the Danish Financial Statements Act, the articles of association of the company and the rules of procedures for the Board of Directors of the company. The Board of Directors and the Executive Board apply these requirements and procedures according to good practices in comparable companies.

The Board of Directors consists of three members. One member is a representative of the ultimate majority shareholder (Lars Terney of NC Advisory A/S) and two are elected at the annual general meeting and are independent of the ultimate majority shareholder (Bjarne Moltke Hansen and Jørgen Huno Rasmussen).

The Board of Directors has adopted rules of procedures for the Board of Directors and additionally employs the following sub-committees:

- Executive (Chairman's) Committee
- Audit Committee
- Remuneration Committee

Four to seven ordinary board meetings are held per year. Among other things, the Board of Directors determines the strategy of the company, decides the composition of the Executive Board, monitors Executive Board compliance with the strategy and the procedures of the Group, and is an active sparring partner to the management of the Group. The management of the Group prepares a monthly report to the Board of Directors, detailing the Group's financial and operational performance as well as capital resources.

The Audit Committee operates according to its charter approved by the Board of Directors and refers to the Board of Directors. The tasks of the Audit Committee as specified in its charter include, among other things, monitoring the financial reporting process and the Group's presentation of financial statements, the adequacy and application of accounting policies and of significant accounting estimates, the Group's systems of internal controls and risk management practices, the external statutory audit of the Group's annual financial statements, the independence of the external auditor, and making recommendations to the Board of Directors concerning the appointment of external auditor. Four Audit Committee meetings are held per year. The Audit Committee has organized its tasks in an annual plan.

Board of Directors and Diversity

Report on the gender composition in management, cf. section 99b of the Danish Financial Statements Act: It is the objective of Bladt Group to promote diversity, including obtaining a reasonable representation of the underrepresented gender in the Board of Directors, in order to strengthen the breadth of the Bladt Group perspectives and competences and to further improve decision processes. It is also the objective of the Board of Directors to ensure that its members supplement each other in the best possible way with regard to e.g. competences, age, background, gender and nationality as relevant to the needs of Bladt Group. The recommendation of candidates for the Board of Directors will thus always be based on an assessment of the competences and experience of the individual candidate, how they match the needs of Bladt Group and of the contribution to the overall efficiency and skill set of the Board of Directors.

At present, all members of the Board of Directors and the Executive Board are male. In group Management 10% of the members are female, while 90% are male. During 2018, the female representation within Group Management increased by 0 %.

Generally, diversity is seen as a strength to Bladt Group, which can contribute positively to Bladt Group' development, robustness and fulfillment of established strategies and plans. Diversity in age, gender, experience and skills is given high priority.

The Board of Directors wants an open and open-minded culture, where the individual employee can utilize his or her competences in the best possible way regardless of gender. Bladt Group' employees, regardless of gender, must find that they have the same opportunities for career and management positions. Bladt Group appoints managers under the premise that the best suited is always employed/appointed regardless of gender.

Bladt Group' policy on the underrepresented gender, focuses on how Bladt Group ensures a balanced composition of men and women in management positions. A balanced composition requires a focus on "Women in management".

Bladt Group offers all employees the opportunity to develop professional and personal competencies through participation in internal and external opportunities for courses and education. It is Bladt Group goal that women and men generally participate equally in these offers.

Bladt Group wants to inspire all employees to become part of Bladt Group' management. Managers at all levels must be aware of employees with personal and professional competencies that could form the basis for development to a position at management level.

When reviewing the results from Bladt Group' employee development interviews and follow-up interviews, the manager must form an impression of the employee's potential managerial potential. Any employee's wishes and aspirations for managerial careers must be part of any development interview with the individual employee.

In order to attract more women to apply for jobs at Bladt Group, Bladt Group has amongst other initiatives, had women to front Bladt Group at different sales fairs.

The 2018 objective was:
• To ensure a representation of women in the Board of Directors corresponding to 20-25% of the board members elected at the Annual General Meeting (one board member) within a three-year period.
• To ensure that the employees view the company as having a modus operandi and culture in which individual employees have equal career opportunities regardless of gender, nationality, race religious beliefs etc.

In 2018 the objective for the period 2017-2020 was not yet met, as there were no additions to or replacements of board members.

Capital Structure

Bladt Holding has one share class. Group management, the Audit Committee and the full Board of Directors regularly evaluate the sufficiency of the company's capital structure and whether the capital structure is aligned with the interests of the company and its stakeholders. The overall objective is to ensure a capital structure that facilitates profitable long term growth and value creation.

Internal Controls and Presentation of Accounts and Annual Financial Statements

The Group's internal controls and risk management regarding presentation of the accounts and the annual financial statements are organized with a view to substantially reduce the risk of significant errors, omissions and/or imperfections in the presentation of the accounts. To ensure this, management establishes relevant policies, procedures and control mechanisms. The Board of Directors – both directly and via the Audit Committee – and management evaluate significant risks and internal controls in regard to the Group's presentation of accounts on an ongoing basis.

On behalf of the Board of Directors, the Audit Committee monitors the presentation of accounts and annual financial statements as well as the sufficiency and efficiency of the internal controls, including financial reporting standards, accounting principles, and significant accounting estimates and judgments on an ongoing basis. These and other issues are being reported to the Board of Directors by the Audit Committee prior to the approval of the annual financial statements and throughout the year when relevant.

In 2018, the Group has continued updating and formalizing its systems of internal control related to operations, accounting and financial reporting. This effort is already well progressed within a number of areas and is part of the continuous effort to reduce the risk of errors, omissions and/or imperfections in the company's accounts. The Audit Committee monitors this process.

In addition to the audited annual financial statements, group management prepares an unaudited monthly report to the Board of Directors detailing the company's performance including the financial position and development, performance against budget, capital resources, order backlog as well the health, safety and quality performance. These reports are reviewed at Board meetings, Audit Committee meetings and Executive (Chairman's) Committee meetings.

Organisation and Society

Corporate Social Responsibility and Human Resources

Corporate responsibility is a key enabler for Bladt Group as a business, supporting sustainable long-term performance by managing non-financial risks that can impact our reputation and market position.

Bladt Group consider it fundamental to maintain a culture focused on embedding responsible business behaviors. Therefore, all employees are expected to act in accordance with the requirements of the company's policies, including the Code of Conduct, at all times.

We work to build a culture where our people are empowered to make the right decisions and know where to go to seek help or guidance. Our Code of Conduct sets out clear expectations on ethical conduct and Bladt Group offer training and support to help people understand the right thing to do.

Code of Conduct consist of statements on the following areas: human rights, social conditions, environmental and climate issues as well as Bladt Group zero tolerance policy on corruption and how this is established in our business strategy and business activities.

In 2018 Bladt Group launched Code of Conduct training as part of the induction programme for all new employees and therefore they receive training in the main areas of the Code of Conduct e.g. anti-bribery and corruption.

Bladt Group' activities with e.g. construction, production, surface treatment and assembly of steel structures means that it is natural for Bladt Group to focus on social responsibility. Including, among other things, safety and health for employees and stakeholders. More on the business model of Bladt Group is available in section "Built to Last", where Bladt Group three business areas is described in more detail. At Bladt Group, the social responsibility is utilized in policies, programs and activities which aim to ensure that Bladt Group takes its share of social responsibility. Bladt Group is constantly working to improve its efforts. This is done risk-based and in line with approved CSR principles.

During 2018, Bladt Group has had great focus on raising its CSR efforts to take part of social responsibility where possible, including meeting the expectations of the stakeholders in the market. This has resulted in a decision on upgrading the CSR regime at Bladt Group from having a Code of Conduct, quality policy, safety policy and environmental policy to having a more detailed CSR program, which will be two sided with focus on Bladt Group internal CSR setup as well as Bladt Group Responsible Partner Program, which focus on Bladt Group suppliers. The CSR upgrade will be a 2019 action to address.

Within the areas of quality, work environment, safety and environment Bladt Group has certifications and meets the requirements of management system standards for - ISO 9001:2015, OHSAS 18001:2008, ISO 38342:2005, En1090-2:2008, En1090-1:2009. The fact that Bladt Group has these certifications means that Bladt Group continually has focus on evaluating its activities, as this is an implied demand to maintain the certifications. Bladt Group has policies and processes consistent with what is prescribed under the certifications. The certificates are available on the Bladt Group website, where further information is also available.

In addition, Bladt Group has a Code of Conduct which is also imposed on suppliers. The Bladt Group Code of Conducts stipulates i.e. that Bladt Group respects and supports human rights, labour rights, respect for the environment, anti-corruption, social responsibility, responsibility for the local environment, trade sanctions, personal data protection, responsible accounting methods and respect for tax legislation.

Organisation and Society

Within the areas of quality, work environment, safety and environment Bladt Group has in 2018 performed audits of suppliers, including on-site audits of suppliers. Compliance of the Bladt Group Code of Conduct is also included in these audits. Furthermore, Bladt Group has carried out employee training for new employees regarding the content of Bladt Group Code of Conduct and the management of Bladt Group has received training in rules and principles of social responsibility from external consultants.

In 2018, Bladt Group has reduced its climate impact by replacing the light fixtures. Bladt Group is considering further initiatives.

Suppliers

Bladt has identified an area which entails a particular risk that stakeholders' rights will be negatively affected by the activities of Bladt Group. The risk concerns suppliers failing to comply with Bladt Group' requirements in the Code of Conduct, particularly in relation to labour right. The assessment hereof has been tightened as Bladt Group has increased its international cooperation.

Due to this risk Bladt Group has initiated a more comprehensive approach to its CSR work to ensure ongoing updates aiming to meet market requirements. The work has included creating a CSR Committee, which is approved by the Board. The Board delegates the detailed oversight of corporate responsibility matters to the CSR Committee, which is chaired by the CEO. The CSR Committee meets as a minimum twice a year and agrees the Bladt Group responsible business priorities relating to our employees, trust and integrity, health and safety, and resource efficiency. The work is currently ongoing and includes, among other things, new and more detailed policies which aim to further clarify the internal and external demands towards staff and e.g. suppliers, a more formalised Compliance Programme, 2019-KPIs and more systematic management reporting on CSR compliance.

The upgraded corporate responsibility programme will focus on:

- developing an inclusive, diverse workplace to drive innovation and performance, and
- supporting our employees in making the right decisions via speak up channels;
- continuously improving employee wellbeing and standards of safety for employees and those we work with; and
- continuously improving our suppliers compliance with our Responsible Partner Programme

The work is planned risk-based around two main initiatives:
(1) A Responsible Partner Programme where the aim is to intensify activities toward suppliers regarding certain requirements coming from Bladt Group' Code of Conduct. Bladt Group has in the process drawn upon expertise from large customers aiming to meet their demands but also to prepare for further similar situations. Updated and new policies will be introduced accordingly.

(2) Introducing, formalising and implementing stronger and clearer internal compliance procedures and processes in relation to a number of CSR-related topics aiming to structure and increase the overall compliance level to a more ambitious standard. An example is improving existing procedures (e.g. Code of Conduct and Staff Handbook) with a number of more elaborate and specific policies and procedures. In that connection, a more formal and professional set-up for ensuring compliance is planned.

Bladt Group work with suppliers and their supply chains to provide fully compliant, cost-effective equipment, goods, services and solutions. The Majority of our supplier relationships are often long term, so we aim to work with suppliers who share Bladt Group' values and who embrace standards of ethical behaviour consistent with our own.

Bladt Group' policy is to identify and select suppliers, who meet our standards, and support them by managing risks throughout the lifecycle of any commercial arrangement. Bladt Group continue to engage with our suppliers for ongoing assurance at all stages of a project. If areas of non-compliance are identified, the supplier and Bladt Group will collaborate and agree on an action plan of appropriate improvement measures. These shall mitigate and remedy the adverse impacts caused by the breaches or non-compliance and enable the supplier to identify and prevent similar occurrences in the future. Bladt Group requires our suppliers to engage actively and without reservation in these activities.

Bladt Group' Code of Conduct support our commitment to human rights. This results, for example, in due diligence being carried out during the supplier evaluation stage against non-financial risks, including human rights, working hours, harassment and unlawful discrimination, speak-up procedure, slavery, human trafficking and child labour.

Organisation and Society

Health and Safety

Bladt Group has collective focus on employee wellbeing as well as the health and safety of employees and those who work on, or visit, our sites. Bladt Group safety culture and our employees demand high standards for all aspects of health and safety.

This is supported both by Bladt Group Health and Safety Policy and the principles contained within our Code of Conduct for employees.

Bladt Group recognise that good mental and physical health contributes to better decisionmaking, greater productivity and higher levels of employee satisfaction.

Bladt Group' business is highly complex and our employees are exposed to many risks. These range from slips, trips and falls in an office environment, confined space working and machinery hazards within manufacturing.

Many of our employees operate heavy equipment, work at height or do physically demanding work in high-risk environments. In order to ensure consistency, all employees are required to comply with our Health and Safety Policy, which outlines and prescribes the responsibilities and arrangements in place for ensuring safety. It is the responsibility of Bladt Group as well as the management and line managers to ensure that employees comply with the policy.

We use the Total Recordable Incident Rate/ Frequency as a key performance indicator to measure workplace injuries. In 2018, there was an 18% reduction in the Recordable Incident Rate, and no fatalities as Bladt Group' continued to focus on reducing risk and embedding safety culture to drive improvement.

Bladt Group aim to mitigate or manage safety risks by finding new ways to enhance safety standards, increase awareness and continually drive a strong safety culture e.g. all staff is required to make reverse parking to focus their mindset on safety from the minute they enter Bladt Group' site.

Bladt Group aim to reduce exposure levels to hazardous substances and to seek alternatives, where possible. We provide our employees with health surveillance to understand and reduce the impact of workplace health risks.

In 2018, a significant focus area was to reduce LTIF.

The Lost Time Injury Frequency (LTIF) – a key indicator for Bladt Group' health and safety performance – improved during 2018. The level achieved is within Bladt Group' minimum target level and thus satisfactory, however the overall goal is always to strive for a LTIF performance of 0. An additional performance indicator for Bladt Group in the health and safety area is the number of working hours lost due to OH&S related incidents relative to the total number of working hours ("incident frequency"). The incident frequency also improved in 2018 and is at a low level historically.

Environment

Bladt Group aim to comply with all applicable environmental regulations and laws, which govern Bladt Group activities. In order to show consideration for the next generation, Bladt Group support initiatives towards a cleaner and more environmentally friendly production process in order to secure a minimization of negative consequences for the environment and Bladt Group, as a company, are committed to limiting our impact on the environment. Bladt Group will continuously work on climate and environmental management to limit our impact on the environment, for example, by way of reducing raw material and energy consumption, reducing and recycling waste and investing in environmental

Organisation and Society

Human Resources

Development Dialogues and Employee Satisfaction surveys on an annual basis supported by online tools. More than 85% the salaried employees and 40 % of the blue collars participated in Employee Satisfaction survey in Q3 2018 providing a strong basis for the dialogue on the requirements for professional development. Moreover, the updated organizational structure of Bladt Group in 2018 is among other things aimed at further improving both project and people management.

The training and education of apprentices continues to be of significant importance to Bladt Group. At the end of 2018, 6 apprentices were under training, 4 within welding and 2 within painting. This is an investment ensuring both a qualified employee base for Bladt Group' further growth as well as a contribution to the important task of educating skilled professionals for the local communities.

At the end of 2018, Bladt Group employed 275 employees in Denmark which is 199 less than at the end of 2017.
Internationally, the number of employees is significantly lower at the end of 2018 compared to 2017 due to the divestment of the joint venture activity in the UK. International employees are comprised of the subsidiaries in Poland and Germany.

The ratio of absence due to illness showed a significant improvement in 2018 compared to 2017. In 2018, the focus on follow-up and dialogue in case of absence has continued in order to keep the ratio within the blue collar work force at a low level. The ratio of absence due to illness is slightly above Bladt Group' target.

Risk Management

At the Bladt Group, risk management is an essential and integrated element of the execution of the project portfolio, of the realization of the objectives of the Group, and of the further development of the Group's business system and processes. The following section includes a non-exhaustive description of risks related to the Bladt Group's activities and the management of these risks.

Commercial Risks

The main commercial risks are related to (a) the execution of current projects, (b) ensuring a pipeline of future projects, and (c) adapting the capabilities and scale of operations to the changing demands in the marketplace.

To execute projects, the Bladt Group relies both on the competences of employees as well as selected suppliers. The Group employs a highly skilled work force across a large range of disciplines such as project management, welding, production and material management, site logistics, planning, quality assurance and control, HSE, contract management, tender management, controlling, finance and administration. This qualified work force is the cornerstone of successful project execution. The Group's project managers master a variety of proven project management tools that are continuously developed and adapted to the specific project at hand. Project Managers are supported throughout the execution of projects by specialists within legal, contract and financial management, quality, health and safety, planning etc. Physical production of very large structures may be impacted by adverse weather conditions. To mitigate such impact, The Group calculates with standard periods of adverse weather when planning projects as well as ensuring flexibility in production facilities to quickly adapt to the impact of weather changes and other non-controllable factors.

A strong cooperation with selected suppliers that the Group works closely with on the individual projects further ensures a successful project execution. Such cooperation improves competitiveness, enhances capacity and mitigates risks by having projects completed at independent sites thereby reducing reliance on any single site. Significant suppliers are evaluated and monitored closely before and during the project so that potential issues – e.g. within quality, capacity, capability, HSE or CSR – are dealt with prior to the project and any issues that may arise during the project are mitigated in a timely manner. Furthermore, major suppliers are incentivized to avoid inadequate performance on their part via targeted contractual milestones, bonuses, penalties and warranties. To this end, The Group's project and contract managers work with standard sub-supplier contracts. Such standard supplier contracts are continuously updated by the Group's legal team in cooperation with project management.

Prior to contracting a potential project, the contract and calculations are reviewed in accordance with defined procedures for tendering. During the project execution phase, projects are reviewed frequently by project management, division management and top management using standard project reporting templates. Such reviews focus on financial performance, project progress, execution issues as well as actual and potential risks. These reviews are an integrated part of project execution and risk management.

Securing a pipeline of potential new projects, winning new projects and adapting capacity and capabilities to the future needs of the marketplace are of paramount importance to the longer term profitable growth of the Bladt Group. Therefore, management regularly tracks and reviews developments in the potential project pipeline within the various target segments and based on this adapts the in-house and sourced capacities and capabilities to the project pipeline. The level of demand is primarily dependent on the developments in the Northern European market for offshore wind and secondarily in the global offshore wind and Northern European offshore oil and gas markets as well as the Scandinavian markets for infrastructure projects with a certain steel content and complexity.

Execution of major projects and developments in the business pipeline are also regularly reviewed at all board meetings.

Risk Management

In order to further ensure the continued competitiveness and strong market position, the Group closely monitors ongoing and potential developments in relevant technologies regarding end products – for instance in innovative offshore wind foundation and substation designs – as well as regarding fabrication, assembly and transportation processes. As examples, the Bladt Group in 2018 continued to participate in the development and testing of various new automated robot welding techniques for large offshore steel structures and have developed an innovative supply chain concept for jacket foundations for offshore wind turbines.

Financial Risks

The Bladt Group's financial risks are described in note 30 to the consolidated financial statements.

Insurance Risks

The Group takes out statutory insurances as well as the insurances which are deemed to be relevant in order to mitigate or eliminate unwanted risks. At regular intervals, the Group conducts a review of the insurances in cooperation with an external insurance specialist. Additionally, the Group may take out project specific insurance depending on the requirements of the individual projects.

Board of Directors

Bjarne Moltke Hansen, Chairman

- Chairman Audit Committee and Chairman Executive Committee of Bladt Industries A/S
- Chairman of the Board of Aalborg Portland Holding A/S and Pindstrup Mosebrug A/S
- Vice-Chairman of the Board of RMIG A/S
- Member of the Board of BWSC A/S, Per Aarsleff Holding A/S, LKAB and Danish SGD Investment Fund, Investment Committee

Lars Terney, Deputy Chairman

- Chairman Remuneration Committee and Member Executive Committee of Bladt Industries A/S
- Partner, NC Advisory A/S, adviser to Nordic Capital Funds
- Member of the Board of NC Advisory A/S

Jørgen Huno Rasmussen, Member

- Member Remuneration Committee of Bladt Industries A/S
- Professional board member in a number of companies. Previously CEO FLSmidth & Co. A/S, Veidekke ASA and Hoffmann A/S
- Chairman of the Board of Lundbeckfonden, Lundbeckfond Invest A/S
- Deputy Chairman of the Board of Rambøll Gruppen A/S, Terma A/S, Thrige-Titan A/S, Haldor Topsøe A/S
- Member of the Board of Otto Mønsted Aktieselskab, Thomas B. Thriges Fond

Statements

Statement by the Executive Board and Board of Directors

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bladt Holding A/S for the financial year 1 January – 31 December 2018.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Group and the Company and of the results of the Group and Company operations and cash flows for 2018.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

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

Aalborg, 26 April 2019

Board of Directors:

Bjarne Moltke Hansen Chairman	Lars Terney Deputy Chairman	Jørgen Huno Rasmussen

Executive Board:

Lars Terney

Independent Auditors' Report

To the Shareholders of Bladt Holding Group

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Bladt Holding Group for the financial year 1 January - 31 December 2018, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

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

Statement on Management's Review
Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

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

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

Statements

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.

Aalborg, 26 April 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Claus Lindholm Jacobsen
State Authorised Public Accountant
mne23328

Thyge Belter
State Authorised Public Accountant
mne30222

Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Consolidated Income Statement

DKK'000	Note	2018 Business performance	2018 Adjust-ments	2018 IFRS	2017 Business performance	2017 Adjust-ments	2017 IFRS
Revenue	3	1,455,280	0	1,455,280	3,086,342	0	3,086,342
Production costs	4,5	-1,364,144	-27,152	-1,391,296	-3,049,855	-37,000	-3,086,855
Gross profit		91,136	-27,152	63,984	36,487	-37,000	-513
Distribution costs	4	-13,714	0	-13,714	-11,045	0	-11,045
Administrative expenses	4,5,6	-35,663	0	-35,663	-19,806	0	-19,806
Operating profit		41,759	-27,152	14,607	5,636	-37,000	-31,364
Profit/loss in joint venture	15	0	0	0	34,727	0	34,727
Financial income	7	0	0	0	1,508	0	1,508
Financial expenses	8	-21,210	0	-21,210	-27,060	-7,025	-34,085
Profit/loss before tax		20,549	-27,152	-6,603	14,811	-44,025	-29,214
Tax on profit for the year	9	-3,130	5,973	2,843	2,037	9,685	11,722
Profit/loss for the year		17,419	-21,179	-3,760	16,848	-34,340	-17,492

Profit appropriation/ distribution of loss :	2018	2017
Shareholders of Bladt Holding A/S	-3,786	-17,615
Non-controlling interests	26	123
	-3,760	-17,492

Statements

Consolidated Statement of Comprehensive Income

DKK'000	Note	2018	2017
Profit/loss for the year		-3,760	-17,492
Items that will be reclassified to the income statement when specific conditions are met			
Hedging for future cash flows	10	1,600	5,500
Tax on hedging instruments	10	-352	-1,210
Foreign exchange adjustments on translation of foreign entitles		-262	543
Other comprehensive income after tax		986	4,833
Total comprehensive income for the year		-2,774	-12,659
Profit appropriation/ distribution of loss:			
Shareholders of Bladt Holding A/S		-2,800	-12,782
Non-controlling interests		26	123
		-2,774	-12,659

Consolidated Statement of Financial Position

DKK'000	Note	2018	2017
ASSETS			
Non-current assets			
Intangible assets	11,12		
Goodwill		195,200	195,200
Trademarks		16,100	16,100
Other intangible assets		0	27,152
Other intangible assets (software)		1,558	1,495
		212,858	239,947
Property, plant and equipment			
Land and buildings	13	828	1,011
Plant and machinery	13	79,607	105,247
Fixtures and fittings, other plant and equipment	13	1,804	2,606
Property, plant and equipment under construction	13	10,337	452
Lease assets	14	71,959	87,357
		164,535	196,673
Other non-current assets			
Investments in joint ventures	15	0	0
Investments in associated companies	16	1,000	1,000
		1,000	1,000
Total non-current assets		378,393	437,620
Current assets			
Inventories	17	3,845	4,111
Construction contracts	18	30,143	114.907
Receivables	19	625,543	803.939
Prepaid expenses	20	3,839	4,784
Corporation tax	26	1,140	0
Cash at bank and in hand	29	119,925	4,049
Total current assets		784,435	931,790
TOTAL ASSETS		1,162,828	1,369,410

DKK'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity	21		
Share capital		38,992	38,992
Other reserves		345,005	345,005
Retained earnings		21,101	25,077
Equity attributable to shareholders of Bladt Holding A/S		405,098	409,074
Non-controlling interests		951	1,040
Total equity		406,049	410,114
Liabilities			
Non-current liabilities			
Deferred tax	22	11,942	19,980
Provisions	23	1,000	1,000
Earn out in connection with the acquisition of enterprises		170,625	170,625
Credit institutions	25	100,000	99,515
Lease liabilities	31	62,066	72,523
Total non-current liabilities		345,633	363,643
Current liabilities			
Credit institutions	25	0	37,318
Lease liabilities	31	10,458	13,541
Bank debt		0	85,786
Construction contracts	18	141,816	21,745
Trade payables		161,516	295,290
Tax	26	0	247
Other payables		97,356	141.726
Total current liabilities		411,146	595,653
Total liabilities		756,779	959,296
TOTAL EQUITY AND LIABILITIES		1,162,828	1,369,410

Consolidated financial statements for 2018
Notes
Consolidated Cash Flow Statement

DKK'000	Note	2018	2017
Profit/loss for the year before tax		-6,603	-29,214
Adjustment for non-cash operating items etc.:			
Depreciation, amortization and impairment losses	5	73,032	88,414
Profit/loss in joint ventures		0	-34,727
Financial income	7	0	-1,508
Financial expenses	8	21,210	34,085
Cash generated from operations (operating activities) before changes in working capital		87,639	57,050
Changes in working capital	28	206,297	-74,302
Cash generated from operations (operating activities)		293,936	-17,252
Interest received	7	0	1,508
Interest paid	8	-20,543	-25,453
Corporation tax received/paid	26	-6,582	-31,734
Cash flows from operating activities		266,811	-72,931
Acquisition of property, plant, equipment and software	12,13,14	-14,048	-5,281
Acquisition of subsidiaries (shares)		0	0
Acquisition of associated companies (shares)		0	-1,000
Divestment of joint venture company (share)		0	49,655
Disposal of property, plant and equipment		244	1,593
Cash flows from investing activities		-13,804	44,967
External financing:			
Repayment of bank loans and overdrafts		-36,833	0
Repayment of lease liabilities		-13,540	-16,356
Repayment of earn out		0	0
Shareholders:			
Buying of shares		-1,176	0
Dividend paid to non-controlling interests		-85	-192
Cash flows from financing activities		-51,634	-16,548
Cash flows for the year		201,373	-44,512
Cash and cash equivalents at the beginning of the year		-81,737	-37,629
Foreign exchange adjustment of cash and cash equivalents		289	404
Cash and cash equivalents at the end of the year		119,925	-81,737
Cash at bank and in hand		119,925	4,049
Bank debt		0	-85,786
Cash and cash equivalents at the end of the year		119,925	-81,737

Ample liquidity reserves please refer to note 28 page 51.

Consolidated financial statements for 2018
Notes

Consolidated Statement of Change in Equity

	Share capital	Share Premium	Reserve own shares	Other reserve	Retained earnings	Total	Non-con-trolling interests	Total equity
Total comprehensive income for 2018								
Equity 1 January 2018	38,992	350,405	-5,400	-2,242	27,319	409,074	1,040	410,114
Profit/loss for the year	0	0	0	0	-3,786	-3,786	26	-3,760
Other comprehensive income								
Other comprehensive income	0	0	0	986	0	986	-30	956
Total other comprehensive income	0	0	0	986	0	986	-30	956
Total comprehensive income for the period	0	0	0	986	-3,786	-2,800	-4	-2,804
Transactions with owners:								
Transaction with non-controlling interest	0	0	0	0	0	0	0	0
Issued shares	0	0	0	0	-1,176	-1,176	0	-1,176
Dividend	0	0	0	0	0	0	-85	-85
Equity at 31 December 2018	38,992	350,405	-5,400	-1,256	22,357	405,098	951	406,049

Consolidated financial statements for 2018
Notes

Consolidated Statement of Change in Equity (continued)

	Share capital	Share Premium	Reserve own shares	Other reserve	Retained earnings	Total	Non-con-trolling interest	Total equity
Total comprehensive income for 2017								
Equity 1 January 2017	38,992	350,405	-5,400	-7,075	44,934	421,856	1,111	422,967
Profit/loss for the year	0	0	0	0	-17,615	-17,615	123	-17,492
Other comprehensive income								
Other comprehensive income	0	0	0	4,833	0	4,833	0	4,833
Total other comprehensive income	0	0	0	4,833	0	4,833	0	4,833
Total comprehensive income for the period	0	0	0	4,833	-17,615	-12,782	123	-12,659
Transactions with owners:								
Transaction with non-controlling interest	0	0	0	0	0	0	0	0
Dividend	0	0	0	0	0	0	-194	-194
Equity at 31 December 2017	38,992	350,405	-5,400	-2,242	27,319	409,074	1,040	410,114

Consolidated financial statements for 2018
Notes
Summary of Notes to the Consolidated Financial Statements

Consolidated financial statements for 2018
Notes

1 Accounting policies

Bladt Holding A/S is a limited liability company domiciled in Denmark. The financial statements section of the annual report is for the period 1 January – 31 December 2018.

The consolidated financial statements and the Parent Company financial statements of Bladt Holding A/S for 2018 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act applicable to reporting class C, large enterprises.

The income statement in the consolidated financial statements has two additional columns. "Business performance" shows consolidated operating results cleared for accounting items directly attributable to the business combination treated in accordance with the purchase method.

The column "Adjustments" comprises amortization of intangible assets identified in connection with the business combination DKK 27.1 million, (2017 DKK 37.0 million), and cost regarding earn-out of DKK 0.0 million (2017 DKK 7.1 million).

On 10th April 2019, the Executive Board and the Board of Directors discussed and approved the annual report of Bladt Holding A/S for 2018. The annual report will be presented to the shareholders of Bladt Holding A/S for approval at the annual general meeting on 31st May 2019.

Basis of preparation

The consolidated financial statements and the Parent Company financial statements have been presented in Danish kroner, rounded to the nearest thousand.

The consolidated financial statements and the Parent Company financial statements are prepared in accordance with the historical cost basis.

Implementation of new standards

The group has applied new standards for 2018. This comprises:

IFRS 15, Revenue from contracts with customers

IFRS 15 replaces IAS 11, Construction contracts which comprised the majority of the Group's customer contracts and required recognition of these contracts under the percentage of completion method. IFRS 15 comprises no specific accounting guidance for such contracts but requires accounting under the percentage of completion method for contracts where there is no alternative use and the entity has right to payment of the sales value of work completed to date if the contract were terminated. The majority of the Group's contracts meet these requirements, and consequently, revenue from most contracts will continue to be recognised under the percentage of completion method.

The Group has applied the simplified transition method and thereby elected to to apply IFRS 15 retrospectively only to contracts that were not completed at the date of initial application at 1 January 2018. The standard has no effect on results and equity at 1 January 2018.

IFRS 16 Leases

IFRS 16 replaces IAS 17 and requires lessees to recognize all leases in the balance sheet with a corresponding lease liability except for short-term leases and leases for low value assets. Leased assets are depreciated over the lease term, and payments are allocated between instalments on the lease liability and interest expense, classified as financial expenses. The lease term is the non-cancellable period with addition of the additional term comprises by extension options which at inception of the lease are reasonably certain to be exercised. The lease payments comprise fixed and index based lease payments.

Consolidated financial statements for 2018
Notes

1 Accounting policies (continued)

IFRS 16 has been implemented fully retrospectively with the effect on net assets recognized as an adjustment to retained earnings as of 1 January 2017. Comparative figures have been restated. For further information, see note 35.

IFRS 9 Financial instruments

IFRS 9 replaces IAS 39 and introduces an expected losses model for determining impairments on trade receivables and work in progress. Under IAS 39, impairments on trade receivables were based on an incurred loss model. Historically, the Group's credit losses have been insignificant, and as of 1 January 2018, there were no indications that they would increase in the near term. Therefore, the impact of adopting the expected credit loss model is insignificant, and no adjustment has been made to the opening balance as of 1 January 2018.

Apart from the above, the accounting policies are unchanged.

The accounting policies set out below have been used consistently in respect of the financial year.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements comprise the Parent Company Bladt Holding A/S and subsidiaries in which Bladt Holding A/S has a controlling interest.

The Group has a controlling influence in a company if it has power over the company, is exposed to or has the right to a variable return on its involvement in the company and has the possibility to influence this return using its power over the company.

Companies in which the Group exercises a significant, but not controlling influence on the operational and financial decisions are classified as associates. A significant influence exists when the Group directly or indirectly owns or disposes of more than 20%, but less than 50%, of the voting rights.
Joint arrangements are activities or companies in which the Group through collaboration agreements with one or more parties has a joint controlling influence. Joint controlling influence means that decisions about the relevant activities require unanimity among the parties who have the joint controlling influence.

Joint arrangements are classified as joint ventures or joint operations. Joint operations are defined as activities where the participants enjoy direct rights to assets and are directly liable for liabilities, whereas joint ventures are defined as activities where the participants have rights to the net assets only.

A group chart is included on page 73.

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements prepared in accordance with the Group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realized and unrealized gains on intra-group transactions are eliminated. Unrealized gains on transactions with associates are eliminated in proportion to the Group's ownership share of the enterprise. Unrealized losses are eliminated in the same way as unrealized gains to the extent that impairment has not taken place.

In the consolidated financial statements, the items of subsidiaries are recognized in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets including goodwill at the date of disposal less cost of disposal.

1 Accounting policies (continued)

Business combinations

Enterprises acquired or formed during the year are recognized in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognized in the consolidated financial statements up to the date of disposal. The comparative figures are not restated for acquisitions. Discontinued operations and assets held for sale are presented separately, see below.

For acquisitions of new businesses over which Bladt Holding A/S obtains control, the purchase method is used. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognized if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognized.

The date of acquisition is the date when Bladt Holding A/S effectively obtains control of the acquired business.

Any excess of the consideration transferred, the value of non-controlling equity interests in the acquired enterprise and the fair value of any previously held equity interests over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognized as goodwill under intangible assets. Goodwill is not amortized but is tested annually for indications of impairment. The first impairment test is performed within the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test.

The consideration transferred by a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed conditions, this part of the consideration is recognized at fair value at the date of acquisition. Costs attributable to business combinations are recognized directly in profit or loss when incurred.

If uncertainties regarding identification or measurement of acquired assets, liabilities or contingent liabilities or determination of the consideration exist at the date of acquisition, initial recognition will take place on the basis of provisional values. If, subsequently, it becomes apparent that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement is adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures are restated. Subsequently, goodwill is not adjusted. Changes to estimates of contingent considerations are recognized in profit or loss for the year.

Minority interests

On initial recognition, minority interests are measured at either fair value or their proportional share of the fair value of identifiable assets, obligations and contingencies in the acquired company. In the first case, goodwill is thus included concerning minority interests' share of ownership of the acquired company, while in the latter case goodwill concerning minority interests are not included. Measurement of minority interests are measured transaction by transaction and entered in the notes in connection with description of acquired companies.

Foreign currency translation

For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in other currencies than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the transaction date and at the date of payment are recognized in profit or loss as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized in profit or loss as financial income or financial expenses.

1 Accounting policies (continued)

In the consolidated financial statements, the income statements of entities with another functional currency than DKK are translated at the exchange rates at the transaction date and the statement of financial position items are translated at the exchange rates at the balance sheet date. An average exchange rate for each month is used as the transaction date exchange rate to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such foreign operations at the exchange rates at the end of the reporting period and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognized in other comprehensive income under a separate translation reserve under equity.

On recognition in the consolidated financial statements of joint ventures with another functional currency than DKK, the share of profit/loss for the year is translated at average exchange rates and the share of equity, including goodwill, is translated at the exchange rates at the end of the reporting period. Foreign exchange differences arising on the translation of the share of the opening balance of equity of foreign associates at the exchange rates at the end of the reporting period, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the end of the reporting period, are recognized directly in a separate translation reserve in exchange rate adjustments.

Derivative financial instruments

Derivative financial instruments are initially recognized in the statement of financial position at fair value and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future cash flows are recognized in other comprehensive income and classified as a separate reserve within in equity.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the income statement.

Income statement

Revenue

Contracts for delivery of constructions are recognized as revenue by reference to the stage of completion if both of the following criteria are met:

- there is no alternative use for the completed construction should the contract be cancelled
- the customer has an obligation to pay for the sales value of the work completed to date should the contract be cancelled by the customer.

The Group's contracts generally meet these criteria, and accordingly, revenue corresponds to the value of work performed during the year (the percentage of completion method).

Revenue is recognized by reference to the stage of completion when the total income and expenses on the construction contract and the stage of completion at the balance sheet date can be measured reliably and it is probable that future economic benefits, including payments, will flow to the company.

When the income from a construction contract cannot be determined reliably, revenue is recognized only corresponding to the costs incurred to the extent that it is probable that they will be recovered.

Revenue is measured at the consideration agreed ex. VAT and taxes charged on behalf of third parties and excluding a significant financing component, if any. All discounts granted are deducted from revenue.

1 Accounting policies (continued)

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation and impairment losses regarding production plant. Provision for bad debt from enterprise contracts is included.

Distribution costs

Also, distribution costs relating to sales staff, advertising, exhibitions and depreciation and impairment losses are recognized as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and impairment losses.

Share of profit/loss of joint ventures after tax

The proportionate share of the results after tax of the individual joint ventures is recognized in the consolidated income statement after full elimination of the proportionate share of intra-group profits/ losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Borrowing costs relating to general borrowing or loans directly relating to acquisition, construction or development of qualifying assets are allocated to the cost of such assets.

Tax on profit for the year

Bladt Holding A/S is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

This year's taxes, which comprise the current tax for the year and alterations in deferred tax, are included in the annual profit, in other comprehensive income or directly under equity capital.

Statement of financial position

Intangible assets

Goodwill

Goodwill is initially recognized in the statement of financial position at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. Identification of cash-generating units is based on the management structure and internal financial control.

1 Accounting policies (continued)

Other intangible assets

Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less accumulated amortization and impairment losses. Other intangible assets are amortized on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Customer agreements/relations:

- If no fixed-term agreement with the customer exists, customer agreements/relations are amortized over 6 years.
- Order backlog, 0-2 years.

However, trademarks with indefinite useful lives are not amortized, but are tested for impairment annually.

Other Intangible assets (software)

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs, that are capitalized as part of the software product include the software development employee costs.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed three years.

Property, plant and equipment

Plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers, and wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset. Further, the cost includes the present value of the initial estimate of the cost to dismantling and removing the asset and restoring the site on which the asset is located.

1 Accounting policies (continued)

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognized in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognized in the statement of financial position and recognized as an expense in profit or loss. All costs incurred for ordinary repairs and maintenance are recognized in profit or loss as incurred.

Where individual components of an item of property, plant and equipment have different useful lives, they are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

Land and building	10-15 years
Plant and machinery	3-20 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The residual value is determined at the date of acquisition and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognized prospectively as a change in accounting estimates.

Depreciation is recognized in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less disposal costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as depreciation.

Lease Assets

Lease assets are ‘right-of-use assets’ arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the leases liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received and the initial estimate of refurbishment costs and any initial directs costs incurred.
The lease assets are depreciated on a straight-line basis over the lease term. The lease asset can be adjusted due to modifications to the lease agreement or reassessment of lease term.

Payments associated with short-term leases and leases of low-value are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise assets with a value below DKK 30 thousand.

Investments in joint ventures

Investments in joint ventures are recognized according to the equity method. Investments in joint ventures are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealized intra-group profits and losses and plus additional value on acquisition, including goodwill. Investments in joint ventures are tested for impairment when impairment indicators are identified.

Joint ventures with a negative net asset value are measured at DKK 0. If the Group has a legal or actual liability to cover the shortfall in the associate or joint venture, this is included under liabilities.

Investments in associated companies

Investments in associated companies are measured at cost in the financial statements.

1 Accounting policies (continued)

Impairment of non-current assets

Goodwill and trademarks with indefinite useful lives

Goodwill and trademarks with indefinite useful lives are tested for impairment annually.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit (CGU) to which goodwill is allocated. The assets of the CGU are written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount of a CGU is generally determined as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) to which goodwill is allocated

Other non-current assets

The carrying amount of other non-current assets is subject to an annual impairment test. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

Recognition of impairment losses in the income statement

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognized in the income statement as production costs, distribution costs and administrative expenses, respectively. However, impairment losses on goodwill are recognized in a separate line item in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realizable value. Finished goods and commodities, goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realizable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Construction contracts

Construction contracts are measured at the sales value of the work performed less progress billings, anticipated losses and for net assets, expected credit losses, cf. the description under “Receivables” below. Moreover, before the work is commenced, a binding agreement must have been entered into to the effect that penalties covering at least costs incurred will be enforced if the contract is subsequently terminated.

The sales value is measured by reference to the percentage of completion at the end of the reporting period and total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of specific cost drivers incurred for work performed to date relative to the total estimated contract costs.

1 Accounting policies (continued)

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is recognized as an expense and a provision immediately.

When income and expenses on a construction contract cannot be determined reliably, contract revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable.

Where the selling price of work performed exceeds progress billings on construction contracts and anticipated losses, the excess is recognized under receivables. If progress billings and anticipated losses exceed the selling price of a construction contract, the deficit is recognized under liabilities.

Prepayments from customers are recognized under liabilities.

Selling costs and costs incurred in securing contracts are recognized in the income statement as incurred.

Receivables

Receivables are measured at amortized cost less write down for expected credit losses. Write-down is made on a portfolio level for receivables with no indication for impairment and on an individual level for receivables with indications of impairment. The Group uses the simplified approach and measures all credit losses as the lifetime expected loss.

Write-downs are calculated as the difference between the carrying amount and the present value of the expected cash flows, including the realizable value of any received collateral.

Prepaid expenses

Prepaid expenses are measured at cost.

Equity

Dividends

Proposed dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). Proposed dividend payment for the year is disclosed as a separate item under equity.

Translation reserve

The translation reserve comprises foreign exchange differences arising on translation of financial statements of foreign operations that have a functional currency different from DKK.

Corporation tax and deferred tax

Current tax payable and receivable is recognized in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences regarding items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized under other non-current assets at the expected value of their utilization, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

1 Accounting policies (continued)

Deferred tax assets are subject to annual impairment tests and are recognized only to the extent that it is probable that the assets will be utilized.

Deferred tax assets and liabilities are offset if the enterprise has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realize the assets and settle the liabilities simultaneously.

Deferred tax is recognized related to elimination of unrealized intra-group profits and losses on consolidation.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period when the deferred tax is expected to crystallize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the comprehensive income for the year.

Provisions

Provisions are recognized when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognized as a provision is Management's best estimate of the expenses required to settle the obligation.

Earn out

The earn-out liability is measured at fair value. The liability is determined by discounting the expected payments taking into account the probability of the balance of the purchase price to be paid. The pre-tax discount rate used reflects the general level of interest rates and the specific risks related to the earn out. The differences for the financial year in the discount element are recognized in financial expenses.

Lease liabilities

Lease liabilities arise from a lease agreement. Lease liabilities are initially equal to the present value of the lease payments during the lease term that are not yet paid.

At initial recognition each contract are assessed individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in the calculation of the lease liability if it is reasonably certain that the option will be exercised.

The net present value is calculated using a discount rate corresponding to the incremental borrowing rate.

The lease liability will be remeasured when changes occur due to modifications to the contract (extension, termination etc.) or indexation.

Other financial liabilities

Amounts owed to mortgage credit institutions, etc., are recognized at the date of borrowing at fair value less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement under financial expenses over the term of the loan.

Other financial liabilities are measured at amortized cost.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

1 Accounting policies (continued)

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognized in the cash flow statement from the date of acquisition. Cash flows from disposals of businesses are recognized up until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as the profit/loss after tax adjusted for non-cash operating items, changes in working capital, interest, payments, dividends and income taxes paid.

Cash flows for investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and other non-current assets.

Cash flows from financing activities comprise changes in the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the date of acquisition which are subject to an insignificant risk of changes in value.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

Cash and cash equivalents comprise demand deposits. In prior years, cash and cash equivalents comprised bank overdrafts. Based on IFRIC's 2018 agenda rejection notice, Management has assessed that the Group's bank overdrafts cannot form part of cash and cash equivalents in the cash flow statements. The cash flow statement for 2017 has been restated accordingly.

Financial ratio

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

Financial ratio definitions are described in note 19 to the Parent Company financial statements.

2 Accounting estimates and judgements

Estimation uncertainty

Determination of the carrying amount of certain assets and liabilities requires judgements, estimates and assumptions concerning future events.

The estimates and assumptions are based on historical experience and other factors which management assesses to be reliable in the circumstances, but which by their nature are associated with uncertainty and unpredictability, as unexpected events or circumstances may occur.

Moreover, the Group is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. Specific risks for the Bladt Holding Group are discussed in the Management commentary, page 13-14.

Estimates of particular importance to the financial reporting relate primarily to constructions contracts including recognition and measurement of contract variations. See description below.

Impairment test, goodwill

In connection with the annual impairment test of goodwill or when there is an indication of impairment, it is assessed whether the parts of the enterprise (cash-generating units) to which goodwill can be allocated will be able to generate adequate positive net cash flows in future to support the value of goodwill and other net assets.

In connection with the preparation of the impairment testing, estimates are to be made of expected future cash flows many years ahead which, of course, involves some uncertainty. The discount rate applied reflects this uncertainty.

The impairment testing is described in note 12 to the consolidated financial statements.

2 Accounting estimates and judgements (continued)

Construction contracts

An important precondition for applying the percentage of completion method when recognizing revenue is, that income and expenses from the individual construction contracts can be measured reliably. Expected income and expenses on the construction contracts may, however, change during the project period. Similarly, changes may be made during the construction phase in the contractual basis, and assumptions etc. may not be fulfilled.

The selling price of construction contracts is measured by reference to the stage of completion at the balance sheet date and total expected income from the individual contract. The stage of completion is determined on the basis of an assessment of the work performed and will normally be subject to accounting estimates made by management.

Variation orders related to instructions from customers on changes in scope, specifications, designs or duration of the contract are included in revenue, when qualified.

Significant amounts of variation orders are recognized in the annual accounts as of 31 December 2018 in accordance with applied accounting policies. Receivables concerning disputed variations constitute a substantial part of receivables due cf. note 29. Although key assumptions are supported by assessments of external expert advisers, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year which are different from the assumptions made, could require a positive or negative material adjustment to the carrying amount of the asset affected.

The business procedures, etc. of Bladt Holding A/S combined with the knowledge and experience of the project managers contribute to reliable accounting treatment of construction contracts in accordance with the accounting policies.

	DKK'000	2018	2017
3	**Revenue**		
	Wind	1,232,427	2,930,781
	Other	222,851	155,560
	Total	1,455,278	3,086,341
	At a point time	6,920	5,140
	Over time	1,448,358	3,081,201
	Total	1,455,278	3,086,341
4	**Staff costs**		
	Wages and salaries	208,991	278,281
	Defined contribution plans	14,350	21,692
	Other social security costs	4,354	5,981
	Total staff costs	227,695	305,954
	Total average number of employees	370	566
	Staff costs are recognized as follows in the income statement:		
	Production costs	187,446	279,552
	Distribution costs	7,382	7,280
	Administrative expenses	32,867	19,122
		227,695	305,954
	Of this figure, consideration for:		
	Remuneration, Board of Directors and Executive Board	638	656
		638	656

Management remuneration has been stated with regard to the Danish Financial Statements Act § 98b, 3.

The Executive Board and other executive employees are included in bonus plans based on the performance for the year.

Warrants

1. In 2012, Bladt Holding A/S introduced a warrant program for executive employees and some of the board members of the Group. The warrant program comprised 3,610,702 warrants as of 31 December 2018 (2017: 4,182,122 warrants). Each warrant entitles the warrant holder to subscribe for a share of a nominal value of DKK 1 in Bladt Holding A/S upon the payment of DKK 10 with the addition of 16% p.a. accumulating per year after 23 May 2012.

   Non-subscribed warrants correspond to 10.7% (2017: 10.7%) of the share capital provided that all warrants are exercised. Estimated fair value per warrant amounted to DKK 1 at the date of granting, corresponding to the payment from the warrant holders. Therefore, there was no bonus element at the date of granting.

   The warrants will vest and can be exercised in case of a change of control, and they will expire on 31 December 2024 at the latest.

2. In 2015, Bladt Holding A/S introduced a warrant program for executive employees and some of the board members of the Group. The warrant program comprised 2,049,690 warrants as of 31 December 2018. Each warrant entitles the warrant holder to subscribe for a share of a nominal value of DKK 1 in Bladt Holding A/S upon the payment of DKK 5.46 with the addition of 16% p.a. accumulating per year after 18 September 2015 / 3 December 2015.

   Non-subscribed warrants correspond to 6.4% of the share capital provided that all warrants are exercised. Estimated fair value per warrant amounted to DKK 1 at the date of granting, corresponding to the payment from the warrant holders. Therefore, there was no bonus element at the date of granting.

   The warrants will vest and can be exercised in case of a change of control, and they will expire on 10 March 2021 at the latest.

   In 2017 and 2018 no expense was recognized regarding share based payments.

	DKK'000	2018	2017
5	**Amortization of intangible assets and depreciation of property, plant and equipment**		
	Amortization of intangible assets, see note 11	27,152	37,000
	Depreciation of intangible assets, see note 11	900	1,874
	Depreciation of property, plant and equipment, see note 13	29,203	31,469
	Depreciation of lease assets, see note 14	15,878	19,136
	Profit from sale of property, plant and equipment	-101	-1,065
		73,032	88,414
	Depreciation is recognized as follows in the income statement:		
	Production costs	72,817	87,879
	Administrative expenses	215	535
		73,032	88,414
6	**Fees to auditors appointed at the annual general meeting**		
	Total fee for PWC is specified as follows:		
	Statutory audit	406	492
	Tax and VAT assistance	340	130
	Other assistance	324	302
		1,070	924
7	**Financial income**		
	Interest group companies	0	923
	Interest tax etc.	0	108
	Fair value adjustment of contingent Consideration	0	477
	Interest, cash and cash equivalents, etc.	0	0
		0	1,508
	Interest on financial assets measured at amortized costs	0	1,508

DKK'000	2018	2017

8 Financial expenses

	2018	2017
Interest, banks, etc.	12,036	16,571
Interest on lease	5,168	6,210
Interest element, discounted liabilities	0	7,502
Interest tax etc.	879	34
Amortized borrowing costs	3,127	3,768
	21,210	34,085
Interest on financial liabilities measured at amortized costs	18,083	22,815

9 Tax on profit for the year

	2018	2017
Tax on profit for the year is specified as follows:		
Current tax	1,300	-2,531
Deferred tax	-4,143	-9,191
	-2,843	-11,722
Tax on profit for the year relates to:		
22,0% tax on profit for the year before tax	-1,453	-6,428
The tax effect of:		
Non-taxable income	-168	-9,767
Non-deductible costs	949	2,810
Change to tax prior years	-2,171	1,663
	-2,843	-11,722
Effective tax rate	43,1%	40,1%

10 Other reserves

	2018	2017
Cash flow hedges 1 January	-1,248	-5,538
Reevaluation – gross	1,600	5,500
Deferred tax	-352	-1,210
Cash flow hedges at 31 December	0	-1,248

Cash flow hedges
The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognized in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

11 Intangible assets

2018

DKK'000	Goodwill	Trademarks	Other intangible assets	Other intangible assets (software)	Total
Cost at 1 January 2018	195,200	16,100	368,152	6,377	585,829
Additions	0	0	0	963	963
Cost at 31 December 2018	195,200	16,100	368,152	7,340	586,792
Depreciation and impairment losses at 1 January 2018	0	0	341,000	4,882	345,882
Depreciation	0	0	27,152	900	28,052
Depreciation and impairment at 31 December 2018	0	0	368,152	5,782	373,934
Carrying amount at 31 December 2018	195,200	16,100	0	1,558	212,858

Other intangible assets comprise customer relations and backlog taken over upon acquisitions.

The useful lives of trademarks are deemed to be indefinite as Management assesses that the value of these trademarks can be maintained indefinitely as these trademarks are well-established trademarks in the markets in question, and as they are expected to be profit-generating for a long period.

2017

DKK'000	Goodwill	Trademarks	Other intangible assets	Other intangible assets (software)	Total
Cost at 1 January 2017	195,200	16,100	368,152	5,641	585,093
Additions	0	0	0	736	736
Cost at 31 December 2017	195,200	16,100	368,152	6,377	585,829
Depreciation and impairment losses at 1 January 2017	0	0	304,000	3,008	307,008
Depreciation	0	0	37,000	1,874	38,874
Depreciation and impairment at 31 December 2017	0	0	341,000	4,882	345,882
Carrying amount at 31 December 2017	195,200	16,100	27,152	1,495	239,947

12 Impairment test

Goodwill and trademarks

31 December 2018, Management made an impairment test of the carrying amount of goodwill and trademarks with indefinite lives. The management considers the Bladt Group as one CGU. The recoverable amount exceeds the carrying amount. The recoverable amount is based on the value in use determined using expected net cash flows based on budgets and forecast for the years 2019-2024, a discount rate before tax of 17% and a growth rate in the terminal period of 1%, which is unchanged from last year. The cash flows are estimated based on the assumed market activity. The most significant assumption to form the basis of the prepared budgets is some market growth subsequently mainly based on the forecasted European investment activity in offshore wind and offshore oil and gas, on the assumed project win rates per segment which are expected largely unchanged compared to current levels based on the expected developments in competitive intensity and the Bladt Group's cost and market position, and on the expected development in project profitability where prices and costs are expected to decline according to market forecasts. Management assumes that in the event of reasonably probable changes in the primary assumptions forming the basis of the calculation of the recoverable amount, it will still exceed the carrying amount of the CGU.

Other intangible assets

Management did not identify any need for impairment testing of other intangible assets.

13 Property, plant and equipment

2018 DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equip-ment	Assets under con-struction	Total
Cost at 1 January 2018	2,000	343,244	10,838	452	356,534
Additions	0	1,722	546	10,337	12,605
Transferred	0	452	0	-452	0
Foreign exchange adjustment	-53	-9	-11	0	-73
Disposals	0	-2,836	-2,084	0	-4,920
Cost at 31 December 2018	1,947	342,573	9,289	10,337	364,146
Depreciation and impairment losses at 1 January 2018	989	237,996	8,232	0	247,217
Depreciation	156	27,852	1,195	0	29,203
Foreign exchange adjustment	-26	-8	-8	0	-42
Disposals	0	-2,815	-1,993	0	-4,808
Depreciation and impairment at 31 December 2018	1,119	263,025	7,426	0	271,570
Carrying amount at 31 December 2018	828	79,548	1,863	10,337	92,576

13 Property, plant and equipment (continued)

2017

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equip-ment	Assets under con-struction	Total
Cost at 1 January 2017	1,892	372,128	17,308	0	391,328
Additions	0	2,883	726	452	4,061
Foreign exchange adjustment	108	20	24	0	152
Disposals	0	-31,787	-7,220	0	-39,007
Cost at 31 December 2017	2,000	343,244	10,838	452	356,534
Depreciation and impairment losses at 1 January 2017	784	239,809	13,554	0	254,147
Depreciation	160	29,955	1,358	0	31,473
Foreign exchange adjustment	45	18	13	0	76
Disposals	0	-31,786	-6,693	0	-38,479
Depreciation and impairment at 31 December 2017	989	237,996	8,232	0	247,217
Carrying amount at 31 December 2017	1,011	105,248	2,606	452	109,317

14 Lease assets

2018

DKK'000	Rental of premises	Company card	Total
Cost at 1 January 2018	218,138	1,753	219,891
Additions	480	0	480
Disposals	0	-786	-786
Cost at 31 December 2018	218,618	967	219,585
Depreciation and impairment losses at 1 January 2018	131,576	958	132,534
Depreciation	15,350	528	15,878
Foreign exchange adjustment	0	-786	-786
Depreciation and impairment at 31 December 2018	146,926	700	147,626
Carrying amount at 31 December 2018	71,692	267	71,959

14 Lease assets (continued)

2017

DKK'000	Rental of premises	Company card	Total
Cost at 1 January 2017	218,138	1,529	219,667
Additions	0	493	493
Disposals	0	-269	-269
Cost at 31 December 2017	218,138	1,753	219,891
Depreciation and impairment losses at 1 January 2017	112,997	670	113,667
Depreciation	18,579	557	19,136
Foreign exchange adjustment	0	-269	-269
Depreciation and impairment at 31 December 2017	131,576	958	132,534
Carrying amount at 31 December 2017	86,562	795	87,357

15 Investments in joint ventures

The Group participates in Bladt//EEW Offshore Wind Foundation Group I/S and Bladt//EEW Offshore Wind Foundation Group Gwynt y Môr I/S, Bladt EEW Offshore Wind Foundation Group Baltic 2 GbR, Bladt/EEW Offshore foundation Group Baltic 2 I/S, Bladt/EEW Offshore Wind Foundation Group Veja Mate GbR.

All of the above enterprises are considered joint ventures as none of the parties exercise control over them. All material decisions of the enterprises require consensus. The contractual circumstances of the enterprises imply that the parties to the arrangements only have rights to the net assets and, consequently, they are to be treated as joint ventures.

Reference is made to the group chart on page 74 for a view of ownership shares and registered offices. All joint ventures are individually considered immaterial. The financial information for these joint ventures that are accounted for using the equity method has been summarized below.

DKK'000	2018	2017
Cost at 1 January	0	40,212
Additions	0	0
Disposals	0	-40,212
Costs at 31 December	0	0
Adjustments 1 January	0	-25,555
Profit and loss for the year	0	-9,340
Disposals	0	34,895
Exchange rate adjustment	0	0
Adjustments 31 December	0	0
Carrying amount at 31 December	0	0

16 Investments associated Companies

DKK'000	2018	2017
Cost at 1 January	1,000	0
Additions	0	1,000
Costs at 31 December	1,000	1,000

17 Inventories

Raw materials and consumables	3,640	3,919
Finished goods and goods for resale	205	192
	3,845	4,111

18 Construction contracts

Selling price of construction contracts	2,653,094	3,763,621
Total progress billing	-2,764,767	-3,670,459
Net value of construction contracts	-111,673	93,162
Specified as follows:		
Construction contracts (asset)	30,143	114,907
Prepayments received from customers (liability)	-141,816	-21,745
	-111,673	93,162

Revenue recognized that were included in the construction contract liability balance at the beginning of the period amounts to DKK 21,745 thousand.

Aggregate amount of construction contracts that are partially or fully unsatisfied at 31 December 2018 amounts to DKK 11,303,000 thousands. Management expect that approximately 85% of the amount will be recognized by the end of the financial year 2019. The amount does not include variable consideration which is constrained.

19 Receivables

Trade receivables	624,048	800,929
Other receivables	1,495	3,010
	625,543	803,939

20 Prepaid costs

Other adjustments	3,839	4,784
	3,839	4,784

21 Equity

Capital management

The Group regularly assesses the need for adjusting its capital structure to hold the required higher return on equity up against the higher degree of uncertainty surrounding external financing.

The Group focuses on having a high equity ratio and ample cash resources to ensure as much scope for financial action as possible.

Share capital

The share capital amounts to DKK 38,992 thousand (2017: DKK 38,992 thousand) broken down on shares with a face value of DKK 1 each or multiples thereof. There are no restrictions on voting rights.

DKK'000	2018	2017
Dividend per share	**0**	**0**
Reserve own shares		
Holding at 1 January	249	249
Acquired in the year	214	0
Sold in the year	0	0
Holding at 31 December	**463**	**249**

The shares are acquired in 2015 and 2018 from former members of Group Management. The total cost in 2018 for own shares amounts to DKK 1,176 thousand (2017: 0 thousand). The total selling price relating to treasury shares amounted to DKK 0 thousand in 2018 (2017: 0 thousand). The Group´s holding of own shares represent 1.19% (2017: 0.64%) of the Group´s share capital. The value of own shares held amounts to DKK 6,576 thousand (2016: 5,400 thousand).

Other reserves

Other reserves adjustments comprises the parent company shareholders' share of exchange differences occurring from translation of financial statements stated in a functional currency other than DKK, foreign exchange adjustments regarding assets and liabilities which form part of the Group's net investments in such entities and foreign exchange adjustments regarding hedging transactions which hedge the Group's net investments in such entities.

The reserve is dissolved through divestment of foreign entities or if the conditions for effective hedging have ceased to exist.

In 2016 the group entered into contracts of hedging of currency exposure on fair value and future cash flows. These transactions are considered as effective hedge and are recognized as other reserves.

Reserve for foreign exchanges adjustments

Reserve for foreign exchange adjustments comprises the parent company shareholders´ share of exchange differences occurring from translation of financial statements stated in a functional currency other than DKK, foreign exchange adjustments regarding assets and liabilities which form part of the Group's net investments in such entitles and foreign exchange adjustments regarding hedging transactions which hedge the Group's net investments in such entities.
The reserve is dissolved through divestment of foreign entities or if the conditions for effective hedging have ceased to exist.

DKK'000	2018	2017
22 Deferred tax		
Deferred tax at 1 January	19,980	42,505
Adjustment to prior year	-10,220	-22,694
Other comprehensive income	352	1,210
Deferred tax for the year recognized in profit/loss for the year	1,830	-1,041
Deferred tax at 31 December	11,942	19,980
Deferred tax is recognized in the balance sheet as follows:		
Deferred tax (liability)	11,942	19,980
Deferred tax at 31 December, net	11,942	19,980
Deferred tax relates to:		
Intangible assets	4,087	10,060
Property, plant and equipment	2,290	5,289
Construction contracts	26,224	47,201
Liabilities	-18,420	-12,156
Tax loss	0	-30,062
Other liabilities	-2,239	0
Other comprehensive income	0	-352
	11,942	19,980

There are unrecognized tax loss carry forwards of DKK 0 thousand at 31 December 2018 (DKK 542 thousand at 31 December 2017) relating to accelerated tax depreciation of certain operating equipment. Of the deferred tax DKK 28,424 thousand (2017: DKK 47,201 thousand) are expected to be current tax within 1 year.

	2018	2017
23 Provisions		
Warranties	1,000	1,000

Warranties are determined based on past experience with warranty work. The costs are expected to be incurred in 2018-2019.

24 Earn out in connection with the acquisition of enterprises

	2018	2017
Contingent consideration	170,625	170,625

The contingent consideration relates to the acquisition of Bladt Industries Holding A/S.

The consideration is expected to be paid out in 2019. The fair value was computed at DKK 87,000 thousand at the date of acquisition in May 2012.

In 2015 Bladt Holding has bought 2.5% of the earn-out for DKK 1,700 thousand.

Refer to note 30 for disclosure of the assumptions applied to determine fair value of the liability as of the balance sheet date.

DKK'000	2018	2017

25 Payables to credit institutions

	2018	2017
Loans from banks	100,000	136,833
Lease liabilities	72,524	86,064
Carrying amount	172,524	222,897

Payables to credit institutions are recognized in the balance sheet as follows:

	2018	2017
Non-current liabilities	162,066	172,038
Current liabilities	10,458	50,859
Carrying amount	172,524	222,897
Nominal value	100,000	137,500

2018	Number of loans	Nominal interest	Average effective rate of interest	Currency	Carrying amount
Loans from banks					
At variable interest rates	1	4.25 %	4,55 %	DKK	100,000
Total loans from banks					100,000

2017					
Loans from banks					
At variable interest rates	1	4,40 %	4,40 %	DKK	136,833
Total loans from banks					136,833

26 Corporation tax

	2018	2017
Corporation tax payable at 1 January	247	23,631
Adjustment to prior year	3,742	10,628
Current tax for the year	1,227	-2,515
Corporation tax paid during the year	-6,356	-31,497
Corporation tax payable at 31 December	-1,140	247

DKK'000	2018	2017
27 Contingent liabilities and collateral Guarentees		
Guarantees relating to performance, payment, advance payment and suppliers	1,186,121	1,145,417
Deposit guarantee	24,967	24,967

The Group participates in Bladt/EEW Offshore Wind Foundation Group I/S by 50%, Bladt/EEW Offshore Wind Foundation Group I/S by 50%, Bladt/EEW Offshore Wind Foundation Group Gwynt y Môr I/S by 50%, Bladt/EEW Offshore Wind Foundation Group Baltic 2 GbR by 50% and Bladt/EEW Offshore Wind Foundation Group Baltic 2 I/S by 50%, Bladt/EEW Offshore Wind Foundations Group Veja Mate GbR by 50%, Bladt Industries Offshore Wind Germany GmbH by 100% and Bladt Industries Polska Sp. z o.o. by 90%.

Collateral

The Group had provided no collateral at 31 December 2018 or 31 December 2017.

	Note	2018	2017
28 Changes in working capital			
Net change in construction contracts	17	204,835	-208,933
Change in inventories	16	266	612
Change in receivables	18	178,396	427,964
Prepaid expenses/deferred income, net	19	945	4,987
Change in trade payables and other payables		-178,145	-191,696
		206,297	32,934
29 Net Debt reconciliation			
Cash and cash equivalents		119,925	4,049
Borrowings – repayable within one year		0	0
Borrowings – repayable after one year (including overdraft)		0	-85,786
		119,925	-81,737

The Group and parent company have guaranteed the bank debt of group enterprises. Bank debt in affiliated companies at 31 December 2018 amounts to DKK 0.

30 Financial risks and financial instruments

Risk management policy of the Group

Due to its operating, investment and financing activities, Bladt Holding A/S is only subject to limited exposure to financial risks, including market risks (currency risks, interest risks and raw material risks), credit risks and liquidity risks.

30 Financial risks and financial instruments (continued)

The Groups financial risk management is centralized. Management monitors the Group's risk concentration on a monthly basis within areas such as customers, geographical areas, currencies, etc.

It is the Group's policy not to engage in active speculation in financial risks. Thus, the Group's financial management is aimed at managing and reducing the financial risks directly attributable to the Group's operations, investments and financing.

In 2016 the Group entered into contracts of hedging the currency exposure on fair value and future cash flows.

Market risks

Currency risks

The Group's sale abroad is primarily made in the currency of the customer, which is mainly EUR. The Group's suppliers are paid in EUR and DKK, primarily, which means that fluctuations in other currencies will generally not affect the profit of the Group. The Group use natural hedges for its currency exposure considering projected future cash flows and projected future exchange rate movements. Currency transactions are not made for speculation purposes.

The hypothetical effect on profit for the year and the Group's equity based on reasonably probable changes in foreign exchange rates:

	2018						
	Nominal position				Sensitivity		
DKK'000	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments hedging fair value	Total	Probable changes in foreign exchange rates	The hypo-thetical effect on profit for the year	The hypo-thetical effect on equity
EUR/DKK	347,648	108,310	0	239,338	0	0	0
GBP/DKK	55,623	-2,431	0	58,054	20%	9,056	9,056
PLN/DKK	1,531	10,876	0	-9,345	10%	-729	-729
NOK/DKK	2,562	2,003	0	559	10%	44	44
SEK/DKK	4,031	295	0	3,736	10%	291	291
USD/DKK	521	310		211	10%	16	16
	411,916	119,363	0	292,553			

	2017						
	Nominal position				Sensitivity		
DKK'000	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments hedging fair value	Total	Probable changes in foreign exchange rates	The hypo-thetical effect on profit for the year	The hypo-thetical effect on equity
EUR/DKK	461,592	142,290	0	319,302	0	0	0
GBP/DKK	20,996	10,264	0	10,732	20%	1,674	1,674
PLN/DKK	4,334	13,019	0	-8,685	10%	-677	-677
NOK/DKK	2,932	0	0	2,932	10%	229	229
SEK/DKK	336	248	0	88	10%	7	7
	490,190	165,821	0	324,369			

30 Financial risks and financial instruments (continued)

Sensitivity analysis assumptions

- The sensitivity stated is calculated based on the assumption of unchanged sales, price level and interest rate level.
- The sensitivity related to financial instruments is calculated based on the financial instruments recognized at 31 December.
- The calculated, expected fluctuations are based on the average annual volatility of the underlying risks.

A corresponding negative movement in exchange rates will have a corresponding opposing effect on the profit/loss for the year and equity.

Interest rate risks

In consequence of the Group's investing and financing activities, the Group is exposed to changes in the level of interest in both Denmark and abroad. The primary interest exposure relates to changes in CIBOR.

Reasonable possible changes in the level of interest are not expected to significantly affect profit/loss for the year and equity.

Financing activities

It is group policy to hedge interest rate risks on consolidated loans when interest payments can be hedged at a satisfactory level.

Investing activities

The Group's cash funds are placed as demand deposits.

Sensitivity analysis

A reasonably possible lower level of interest of 1%-point compared with the level of interest at the end of the reporting period will, all things being equal, have a hypothetical positive effect on profit/loss for the year and equity at year end of DKK 410 thousand (2017 DKK 2.376 thousand).

A reasonable, probable higher interest rate level compared to the interest rate level at the balance sheet date will have a corresponding, opposing effect on the profit/loss and equity.

Sensitivity analysis assumptions

- The sensitivity stated is calculated based on the financial assets and liabilities recognized at 31 December. Repayments, borrowings, etc. for the year have not been taken into consideration.
- The sensitivity is based on changes of 1% in CIBOR.
- The changes applied are considered fairly probable based on the present market situation and expectations of market development in the interest rate level.

The changes applied are considered fairly probable based on the present market situation and expectations.

30 Financial risks and financial instruments (continued)

Risks relating to raw materials

The Group uses raw materials in the form of steel when producing the Group's products.

In relation to significant purchases, the price risk is hedged by making binding agreements on purchases when entering into sales contracts.

Liquidity risks

The Group strives to obtain the highest degree of flexibility for the purpose of lending. The Group's cash reserves consists of cash and cash equivalents of DKK 120 million and committed credit facilities of DKK 265 million of which DKK 25 million is drawn (DKK 0 million drawdown as bank debt and DKK 25 million drawdown as guarantees for real estate rental deposits). Cash reserves thus total DKK 360 million at 31 December 2018 (DKK 203 million at 31 December 2017).

With the credit facilities and available liquidity, in the Management's opinion, the liquidity is adequate according to the budget.

The loan agreements with credit institutions include certain covenants which were all observed or waived in 2018 and are expected to be observed in 2019 as well.

The Group's liabilities fall due as follows:

DKK'000 **2018**	Carrying amount	Con-tractual cash flows	Within 1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments						
Due earn out	170,625	170,625	0	170,625	0	0
Credit institutions and banks	100,000	100,000	0	100,000	0	0
Leasing liabilities	72,524	72,524	10,458	22,662	25,390	14,014
Bank debt	0	0	0	0	0	0
Trade payables	161,516	161,516	161,516	0	0	0
Tax	0	0	0	0	0	0
31 December 2018	504,665	504,665	171,974	293,287	25,390	14,014

DKK'000 **2017**	Carrying amount	Con-tractual cash flows	Within 1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments						
Due earn out	170,625	170,625	0	170,625	0	0
Credit institutions and banks	99,515	137,500	37,500	100,000	0	0
Leasing liabilities	86,064	86,064	13,541	21,466	23,942	27,115
Bank debt	85,786	85,786	85,786	0	0	0
Trade payables	295,290	295,290	295,290	0	0	0
Tax	247	247	247	0	0	0
31 December 2017	737,527	775,512	432,364	292,091	23,942	27,115

The maturity analysis is based on all undiscounted cash flows, including estimated interest payments. Interest payments are estimated based on current market conditions.

30 Financial risks and financial instruments (continued)

Based on the Group's expectations for its future operations and the Group's current cash resources and trade receivables exceeding the short term contractual cash outflow, no significant liquidity risks have been identified.

Credit risks

Efforts are made to minimize risks related to giving credit by effective credit management and by establishing alternative collateral in the event of large receivables.

Bank deposits

Credit risks on bank deposits arise when it is uncertain whether the counterparty will be able to meet its obligations when due. The group policy for credit risk management means that the Group's financial cooperation partners' credit ratings are monitored continuously. The Group only places bank deposits with large reputable banks.

Trade receivables

The Group's policy for undertaking credit risks means that all major customers are credit rated before contracts are entered and then on a regular basis. If satisfactory certainty is not achieved at the credit rating of the customer, separate collateral is required for the sale.

The Group regularly receives milestone payments as the construction contracts are carried out, which reduces the credit risk. The Group does not have any significant risks relating to individual customers or cooperation partners and historically the Group has not experienced any significant losses on trade receivables.

DKK'000	2018	2017
The maturity of trade receivables is specified as follows:		
Receivables not due	181,494	423,123
Maturity period:		
Up to 30 days	77,359	22,080
Between 30 and 90 days	5,956	739
More than 90 days	359,239	354,987
	624,239	800,929

None of the trade receivables were impaired at 31 December 2018 and at 31 December 2017. Losses have not been realized in 2018 or 2017 on trade receivables, nor have they been written down. Please also see note 2.

30 Financial risks and financial instruments (continued)

Financial instrument categories

DKK'000	2018 Carrying amount	2018 Fair value	2017 Carrying amount	2017 Fair value
Trade receivables	624,048	624,048	800.929	800.929
Other receivables	1,495	1,495	3,010	3,010
Amounts owed by group companies	0	0	0	0
Tax	1,140	1,140	0	0
Cash at bank and in hand	119,925	119,925	4,049	4,049
Financial assets at amortized costs	**746,608**	**746,608**	**807,988**	**807,988**
Earn out in connection with the acquisition of enterprises	170,625	170,625	170,625	170,625
Financial liabilities at fair value through profit or loss	**170,625**	**170,625**	**170,625**	**170,625**
Credit institutions	100,000	100,000	222,897	222,897
Lease liabilities	72,524	72,524	86,064	86,067
Bank debt	0	0	85,786	85,786
Trade payables	161,516	161,516	295.290	295.290
Other payables	97,356	97,356	141,726	141,726
Tax	0	0	247	247
Financial liabilities at amortized cost	**431,396**	**431,396**	**832,010**	**832,010**
Derivative financial instruments used for hedging	0	0	1,600	1,600
Derivative financial intruments	**0**	**0**	**1.600**	**1.600**

Fair value of the financial instruments has generally been determined on the basis of discounted cash flow models taking into account the time value of money and credit risk.

Receivables and payables with short credit periods are assessed to have a fair value equivalent to the carrying amount.

The fair value of the contingent consideration arrangement (earn out) was estimated by applying the income approach.

The fair value estimates are based on a discount rate of 4.7% and assumed probability adjusted outcome of the earn out arrangement. This is a level 3 fair value measurement.

The change in fair value on the earn out is included in Financial Expenses (note 8). DKK -477 thousands (2017: DKK -477 thousands) is related to fair value adjustments.

The inputs used for other fair value measurements including derivative financial instruments are primarily level 2 inputs.

30 Financial risks and financial instruments (continued)

Input used is classified in accordance with the following hierarchy:

Level 1: quoted prices in active markets for identical liabilities.

Level 2: inputs other than quoted prices that are observable, either directly or indirectly

Level 3: Inputs that are not based on observable market data.

Derivative Financial Instruments

The Group has established forward exchange contracts to hedge future cash flows on construction contracts in GBP totalling DKK 0 thousand compared to DKK 102,373 thousand in 2017. At the balance sheet date, these financial instruments have a negative fair value of DKK 0 thousand against a negative fair value of DKK 1.6 thousand at 31 December 2017 recognised in other comprehensive income.

31 Lease liabilities

Lease liabilities expiring within the following periods from the balance date:

DKK'000	2018	2017
0-1 years	17,533	21,844
1-5 years	69,106	69,448
> 5 years	17,205	34,397
Total lease liabilities, non-discounted	103,844	125,689

Lease liabilities are recognized in the balance sheet as follows:

Non-current liabilities	62,066	72,523
Current liabilities	10,456	13,541
Total lease liabilities, non-discounted	72,524	86,064

Recognized In the profit or loss statement:

DKK'000	2018	2017
Interest expenses related to lease liabilities	5,168	6,210
Expense relating to short term leases, not capitalized	0	0
Expense relating to leases of low-value assets, not capitalized	0	0
	5,168	6,210

Measurement of lease liabilities is based on the non-cancelled period and does not include extension options. Rented premises are non-cancellable for Bladt Industries as lessee up to 2024 with an option to extend for 15 years.

32 Related party disclosures

Bladt Holding A/S has registered the following shareholders holding 5% or more of the share capital:

- Nordic Capital CV1 Ltd, 26 Esplanade, St. Helier, Jersey

Nordic Capital CV1 Ltd. exercises control.

There have been no transactions with Nordic Capital CV1 Ltd.

Senior executives

Key Management includes the Group's Board of Directors and Executive Board. Companies over which such persons exercise control or joint control are also considered related parties.

Key Management's remuneration is disclosed in note 4. There have been no other transactions.

Joint ventures

Moreover, related parties include joint ventures, see note 15.

Transactions with joint ventures have been as follows:

DKK'000	2018	2017
Sales of services	0	-569
Purchase of services	37,024	158,030
Receivables	0	0

33 Events after the balance sheet date

No significant event has occurred after 31 December 2018

34 New financial reporting regulation

New standards, amendments and interpretations adopted by Bladt Group.

The following standards have been applied by Bladt Group for the financial year 2018:

- IFRS 9: Financial Instruments
- IFRS 15: Revenue from Contracts with Customers
- IFRS 16: Leases
- IFRIC 23 Uncertainty over income tax treatments.

Bladt Group has assessed that the new standards and amendments to standards and interpretations effective for annual periods beginning after 1 January 2018, are neither not relevant or have no significant effect on the financial statement of the Bladt Group.

35 Statement of profit or loss and balance (extract) 2017

This note explains the impact of the adoption of IFRS 16, Leases.

As a result of the changes in the entity's accounting policies, prior year financial statements had to be restated. As explained in note 1, IFRS 16 was adopted retrospectively with the cumulative effect of initially applying the new standard recognised on equity at 1 January 2017. Comparatives information have been restated.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided.

DKK'000	As originally presented	IFRS 16	Restated
Administrative expenses	-26,374	6,568	-19,806
Operating profit	**-37,932**	**6,568**	**-31,364**
Financial expences	-27,875	-6,210	-34,085
Profit before tax	**-29,572**	**358**	**-29,214**
Tax on profit for the year	11,800	-78	11,722
Profit for the year	**-17,772**	**280**	**-17,492**

DKK'000	31 December 2017 As originally presented	IFRS 16	1 January 2018 Restated
Non-current assets			
Plant and machinery	105,247	87,357	192,604
Property, plant and equipment	**109,316**	**87,357**	**196,673**
Total non-current assets	**350,263**	**87,357**	**437,620**
Current assets			
Prepaid costs	23,310	-18,526	4,784
Total current assets	**950,316**	**-18,526**	**931,790**
TOTAL ASSETS	**1,300,579**	**68,831**	**1,369,410**

35 Statement of profit or loss and balance (extract) 2017 (continued)

DKK'000	31 December 2017 As originally presented	IFRS 16	1 January 2018 Restated
Equity			
Share capital	38,992	0	38,992
Retained earnings	38,518	-13,441	25,077
Total equity	**423,555**	**-13,441**	**410,114**
Non-current liabilities			
Deferred tax	23,772	-3,792	19,980
Credit institutions	99,515	72,523	172,038
Total non-current liabilities	**294,912**	**68,731**	**363,643**
Current liabilities			
Credit institutions	37,318	13,541	50,859
Total current liabilities	**582,112**	**13,541**	**595,653**
Total liabilities	**877,024**	**82,272**	**959,296**
TOTAL ASSETS	**1,300,579**	**68,831**	**1,369,410**

Financial Statements for 2018

Income Statement

DKK’000	Note	2018	2017
Dividend from subsidiaries		50,000	10,000
Administrative expenses		-2,003	-330
Operating profit		47,997	9,670
Financial income	4	272	861
Financial expenses	5	-13,009	-22,100
Profit/loss before tax		35,260	-11,569
Tax on profit for the year	6	3,396	2,749
Profit/loss for the year		38,656	-8,820

Statement of Comprehensive Income

DKK'000	Note	2018	2017
Profit/loss for the year		38,656	-8,820
Total comprehensive income		38,656	-8,820

Financial statements for 2018

Statement of Financial Position

DKK'000	Note	2018	2017
ASSETS			
Non-current assets			
Investments in subsidiaries	7	707,000	707,000
Total non-current assets		707,000	707,000
Current assets			
Amounts owed by group enterprises		7,025	15,181
Prepaid costs		3,232	4,235
Corporation tax	8	1,501	0
Tax asset	9	18,420	12,156
Cash at bank and in hand		8	479
Total current assets		30,186	32,051
TOTAL ASSETS		737,186	739,051
EQUITY AND LIABILITIES			
Equity	10		
Share capital		38,992	38,992
Other reserves		345,005	345,005
Retained earnings		82,544	45,072
Total equity		466,541	429,069
Liabilities			
Non-current liabilities			
Earn out in connection with the acquisition of enterprises	11	170,625	170,625
Credit institutions	12	100,000	99,515
Total non-current liabilities		270,625	270,140
Current liabilities			
Credit institutions		0	37,318
Corporate tax payables	8	0	1,304
Other payables		20	1,220
Total current liabilities		20	39,842
Total liabilities		270,645	309,982
TOTAL EQUITY AND LIABILITIES		737,186	739,051

Financial statements for 2018

Cash Flow Statement

DKK'000	Note	2018	2017
Profit/loss for the year before tax		35,260	-11,569
Adjustment for non-cash operating items etc.:			
Financial income	4	-272	-861
Financial expenses	5	13,009	22,100
Cash generated from operations (operating activities) before changes in working capital		47,997	9,670
Changes in working capital		7,959	174
Cash generated from operations (operating activities)		55,956	9,844
Interest received	4	272	864
Interest paid	5	-12,342	-13,467
Corporation tax received/paid		-5,673	3,238
Cash flows from operating activities		38,213	476
External financing:			
Repayment of bank loans and overdrafts		-37,500	0
Repayment of earn out		0	0
Shareholders :			
Buying of shares and warrants		-1,184	0
Selling of shares and warrants		0	0
Net Cash flows from financing activities		-38,684	0
Cash flows for the year		-471	476
Cash and cash equivalents at the beginning of the year		479	3
Cash and cash equivalents at the end of the year		8	479

Financial statements for 2018

Statement of Changes in Equity

DKK'000	Share capital	Share premium	Reserve own shares	Retained earnings	Total
Equity at 1 January 2018	38,992	350,405	-5,400	45,072	429,069
Total comprehensive income for 2018					
Profit/loss for the year	0	0	0	38,656	38,656
Total comprehensive income for the period	0	0	0	38,656	38,656
Issued shares	0	0	0	-1,184	-1,184
Equity at 31 December 2018	38,992	350,405	-5,400	82,544	466,541

DKK'000	Share capital	Share premium	Reserve own shares	Retained earnings	Total
Equity at 1 January 2017	38,992	350,405	-5,400	53,892	437,889
Total comprehensive income for 2017					
Profit/loss for the year	0	0	0	-8,820	-8,820
Total comprehensive income for the period	0	0	0	-8,820	-8,820
Equity at 31 December 2017	38,992	350,405	-5,400	45,072	429,069

* Further information is disclosed in note 10.

Financial statements for 2018

Summary of Notes to the Parent Company Financial Statements

Note	
1	Accounting policies
2	Accounting estimates and judgements
3	Staff costs
4	Financial income
5	Financial expenses
6	Taxation
7	Investments in subsidiaries
8	Corporation tax
9	Tax asset
10	Equity
11	Earn out in connection with the acquisition of enterprises
12	Payables to credit institutions
13	Contingent liabilities and collateral
14	Financial risks and financial instruments
15	Operating leases
16	Charges and security
17	Related party disclosure
18	Events after the balance sheet date
19	New financial reporting regulation
20	Financial ratios

Financial statements for 2018

Notes

1 Accounting policies

The separate Parent Company financial statements are included in the annual report as, under the Danish Financial Statements Act, separate Parent Company financial statements must be prepared.

The Parent Company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act applicable to reporting class C, large enterprises.

Description of accounting policies

According to the described accounting policies applied for the consolidated financial statements (see note 1 to the consolidated financial statements), the Parent Company's accounting policies deviate in the following areas:

Revenue

Dividends received from investments in subsidiaries are recognized in the Parent Company income statement in the financial year when the dividends are declared. If dividends exceed the comprehensive income of the subsidiary, an impairment test is conducted.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the Parent Company financial statements. If there is an indication of impairment, an impairment test is made as described in the accounting policies of the consolidated financial statements. If the carrying amount exceeds the recoverable amount, a write-down is made to this lower value.

At the distribution of other reserves than retained earnings in subsidiaries, the distribution will reduce the cost of investments when the distribution is characterized as repayment of the Parent Company's investment.

2 Accounting estimates and judgements

In Bladt Holding A/S' financial statements, investments in subsidiaries are measured at cost. In case of indication of impairment, an impairment test is made. If the recoverable amount is lower than cost, investments are written down to this lower value. Due to the nature of the operations of the investments, estimates have to be made of expected cash flows many years into the future, which will be subject to some degree of uncertainty. The investments in subsidiaries are described in more detail in Note 7 investments in subsidiaries.

3 Staff costs

The Parent Company had no employees in 2018 or 2017.

Financial statements for 2018

Notes

	DKK'000	2018	2017
4	**Financial Income**		
	Interest group enterprises	272	276
	Interest tax etc.	0	108
	Fair Value adjustment of contingent considerations	0	477
		272	861
	Interest on financial liabilities measured and amortized costs	272	861
5	**Financial expenses**		
	Interest, banks, etc.	9,015	10,799
	Interest element, discounted liabilities	0	7,502
	Interest tax etc.	867	31
	Amortized borrowing costs	3,127	3,768
		13,009	22,100
	Interest on financial liabilities measured and amortized costs	9,015	10,799
6	**Taxation**		
	Tax for the year is specified as follows:		
	Tax on profit for the year	-3,396	-2,748
	Tax on profit for the year is specified as follows:		
	Current tax	-344	-2,522
	Deferred tax	-3,052	-226
		-3,396	-2,748
	Tax on profit for the year relates to:		
	22,0% tax on profit for the year before tax	7,757	-2,545
	The tax effect of:		
	Change to tax last year	-344	1,979
	Non-deductible costs	191	17
	Non-taxable income	-11,000	-2,200
		-3,396	-2,749
	Effective tax rate	-10%	24%

Financial statements for 2018

Notes

DKK'000	2018	2017
7 Investments in subsidiaries		
Cost at 1 January	707,000	707,000
Acquisition of subsidiary	0	0
Carrying amount at 31 December	707,000	707,000

Name	Registered office	Ownership Share 2018	Ownership share 2017
Bladt Industries Holding A/S	Aalborg, Denmark	100%	100%

Cost of subsidiary acquired comprises cash payment of DKK 620,000 thousand and contingent consideration of DKK 87,000 thousand.

	2018	2017
8 Corporation tax		
Corporation tax payable at 1 January	-1,304	10,355
Current tax for the year	344	2,522
Corporation tax received/paid during the year	5,673	-3,237
Tax related to last year	-3,212	-10,944
Corporation tax payable at 31 December	1,501	-1,304

	2018	2017
9 Tax asset		
Tax asset at 1 January	-12,156	-985
Tax asset for the year recognized in profit/loss for the year	-3,052	-225
Tax related to last year	-3,212	-10,946
Deferred tax at 31 December	-18,420	-12,156

10 Equity

The composition of the share capital is disclosed in note 20 to the consolidated financial statements.

Capital management

Capital management in the Bladt Holding Group is made for the entire Group. We refer to note 20 to the consolidated financial statements.

Financial statements for 2018

Notes

11 Earn out in connection with the acquisition of enterprises

The liability of DKK 170,625 thousand (2017 DKK 170,625 thousand) comprises contingent consideration and relates to the acquisition of Bladt Industries Holding A/S,

12 Payables to credit institutions

We refer to note 24 to the consolidated financial statements.

13 Contingent liabilities and collateral

Contingent liabilities

The Parent Company has no contingent liabilities at 31 December 2018 or 31 December 2017.

Collateral

Shares in Bladt Industries Holding A/S with a carrying amount of DKK 707.0 million have been provided as collateral for amounts owed to credit institutions totaling DKK 100.0 million at 31 December 2018 (DKK 137.5 million at 31 December 2017).

14 Financial risks and financial instruments

The Parent Company is not exposed to any market risks other than those disclosed in note 30 to the consolidated financial statements, to which we refer. Liquidity risks and credit risks for the Parent Company are also described in note 28 to the consolidated financial statements.

The Parent Company had no derivative financial instruments at 31 December 2018 or 31 December 2017.

15 Operating leases

The Parent Company had no operating leases at 31 December 2018 or 31 December 2017.

16 Charges and security

The Group and parent company have guaranteed the bank debt of group enterprises. Bank debt in affiliated companies at 31 December 2018 amounts to DKK 0.

17 Related party disclosures

In addition to the disclosures in note 32 to the consolidated financial statements, the Parent Company's related parties comprise subsidiaries. See note 7 to the Parent Company's annual report.

The Danish companies in the Group are jointly taxed, and in 2018 an amount of DKK 0 thousand was transferred as joint taxation contributions between the companies.

Apart from this, no other transactions have been carried out with the Board of Directors, the Executive Board, important shareholders or other related parties during the year.

18 Events after the balance sheet date

We refer to note 33 to the consolidated financial statements. Apart from this, no events have occurred after the balance sheet date.

Financial statements for 2018

Notes

19 New financial reporting regulation

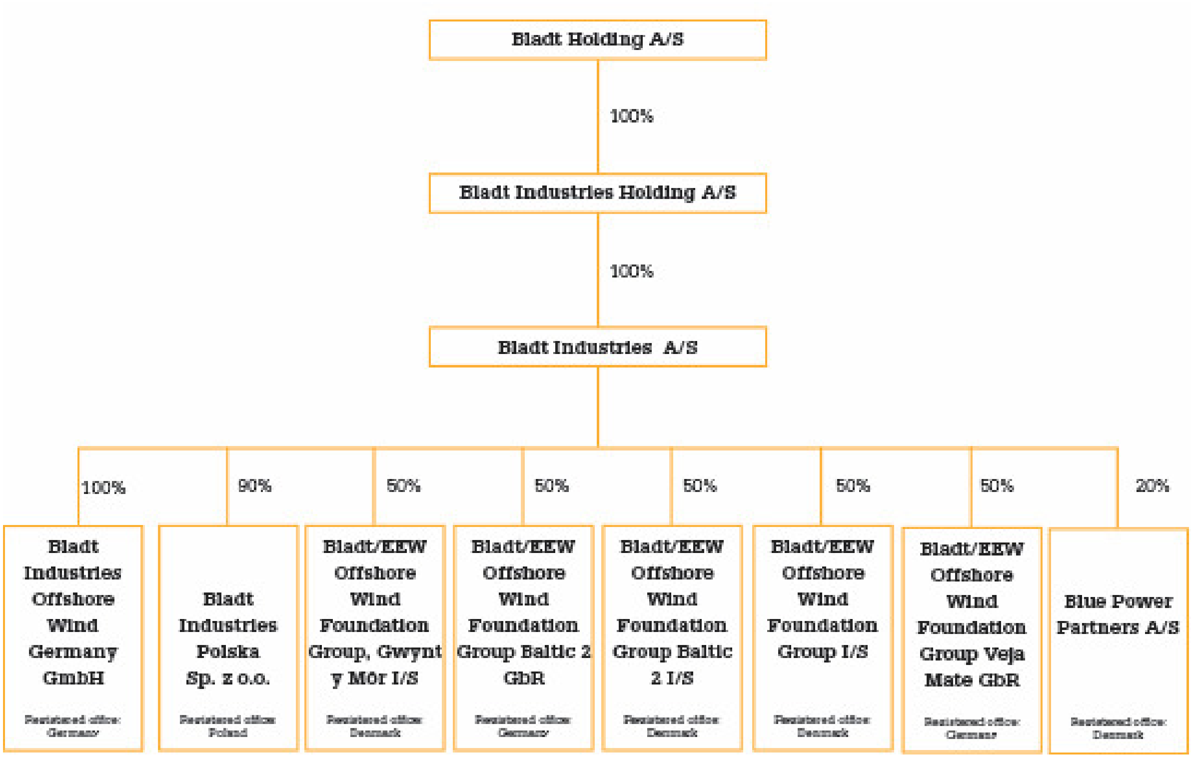
We refer to note 34 to the consolidated financial statements. None of the standards or interpretations mentioned are expected to affect the Parent Company financial statements.

20 Financial ratios

The financial ratios stated in the annual report have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests, at year end x 100}}{\text{Total assets, at year end}}$
Return on equity	$\frac{\text{Profit/loss* x 100}}{\text{Average equity ex. non-controlling interests}}$
ROIC	$\frac{\text{EBITA}}{\text{Average invested capital}}$

Group Chart and Addresses



Bladt Holding A/S
Nørredybet 1
DK-9220 Aalborg Øst
Denmark

Registration No.: 34 07 34 30
Established: 30 November 2011
Registered office: Aalborg

Bladt Industries Holding A/S
Nørredybet 1
DK-9220 Aalborg Øst
Denmark

Bladt Industries A/S
Nørredybet 1
DK-9220 Aalborg Øst
Denmark
Phone +45 96 35 37 00
Fax +45 96 35 37 10
Office@bladt.dk
www.bladt.dk

Bladt Industries Offshore Wind Germany GmbH
c/o DANTAX
Steuerberatungsgesellschaft mbH
Am Oxer 7
D-24955 Harrislee

Phone + 49 (0) 383 544 84 90

Bladt Industries Polska Sp. Z 0.0.
Ul. Marii Curie-Sklodowskie 12a
PL-71-332 Szczecin
Poland
Phone +48 91 486 26 71