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ANNUAL REPORT 2018

SHIP SUPPLY

CONTENTS

INTRODUCTION

EXPERT CARE

Wrist Ship Supply is the world's leading ship and offshore supplier of provisions and stores with a market share around 8%. Wrist offers a global 24/7 service, including handling of owners' goods, shipping, air freight and related marine services that meet the demands of international organisations as well as local businesses.

From offices around the globe, all Wrist staff take pride in making it easy for customers to receive their supplies – where and when requested – efficiently and at the best possible price.

Our mission is to provide Expert Care – Making our customers' life at sea better.

wrist.com

MANAGEMENT COMMENTARY

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK'000 and ratios	2018	2017	2016	2015	2014
Net Sales	4,276,511	4,101,471	4,066,729	3,674,577	3,347,343
Gross profit	1,092,305	1,000,203	970,818	932,444	805,408
Operating profit (EBITDA)	212,694	195,549	204,898	227,423	240,574
Earnings before interest and tax (EBIT)	149,214	135,867	148,927	189,917	210,485
Profit of financial items	-88,523	-65,666	-82,141	-59,560	-55,198
Net profit	35,904	48,649	51,884	97,051	123,564
Inventories	241,400	233,962	238,384	218,230	195,203
Trade receivables	787,459	651,762	680,168	574,934	549,142
Total assets	2,894,889	2,670,904	2,636,037	2,310,135	2,118,899
Shareholders' equity	910,161	937,232	928,498	908,949	769,806
Investment capital including goodwill	1,785,141	1,750,405	1,646,713	1,467,550	1,334,290
Net interest-bearing debt (NIBD)	910,616	787,837	823,553	616,415	638,872
Cash flow from operating activities (CFFO)	201,310	54,993	128,731	122,911	132,704
Cash flow from investing activities (CFFI)	225,277	41,312	308,343	89,442	33,481
Total investment ex business acquisition (CAPEX)	28,879	41,312	47,325	49,821	33,698
Number of employees, average	1,361	1,279	1,183	1,167	1,105
Performance ratios (%)					
Gross margin	25.5	24.4	23.9	25.4	24.1
Operating margin (EBITDA)	5.0	4.8	5.0	6.2	7.2
Return on invested capital	10.0	9.0	10.1	13.1	16.1
Return on equity	3.9	5.2	5.6	11.6	17.6

Definitions of financial highlights and key ratios

Financial highlights are defined and calculated in accordance with recommendations & ratios issued by the Danish Finance Society.

Ratios		Calculation formula	Ratios reflect
Gross margin (%)	=	Gross profit x 100 / Net sales	The enterprise's operating gearing.
Operating margin (EBITDA) (%)	=	EBITDA x 100 / Net sales	The enterprise's operating profitability.
Return on invested capital (%)	=	EBITA x 100 / Average invested capital incl. goodwill	The return generated by the enterprise on investors' funds.
Return on equity (%)	=	Profit/(loss) for the year Excl. minority interests x 100 / Average equity excluding non-controlling interests	The enterprise's return on capital invested in the enterprise by the owners.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

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

THE YEAR IN REVIEW

In 2018, Wrist continued its expansion as the world's largest supplier of provisions and stores to ships and offshore locations, most recently through the acquisition of Klevenberg Shipping Center in Netherlands.

2018 also marked the year when Wrist launched an ambitious 4-year strategy to maintain and expand the leading position in the market as the preferred partner to our customers.

Market conditions

The pressure from low day rates continued for most shipping segments during 2018, and despite some recovery in oil prices, the recovery in the offshore oil and gas markets was limited. The customers' demand for lower operating costs by strict budget control and shift towards lower priced goods continued in 2018. These market conditions put pressure on the operating profit margins in the ship and offshore supply industry and require continued strong focus on assortment, sourcing and operating costs. We have during the year successfully worked to expand our industry lead under these market conditions and have made considerable progress in that respect.

Growing our business

We continue to build scale and increase our market share, through organic growth measured in local currencies and after adjusting for acquisitions, as well as through acquisitions. Most of the Group's businesses performed well, and our determined focus on operational efficiency improved margins after adjustments for special costs related to acquisitions, strategy implementation and restructurings. The operating margin before the special costs improved by 0.2%-pts and we expect further improvement going forward.

The increase in net sales by year measured in local currencies and after adjusting for acquisitions is in line with our estimation of the growth in the total market.

Consolidating the position in the ARA market

In June 2018, Wrist announced its acquisition of Klevenberg Shipping Center and brought together two operationally and financially healthy companies in the important ARA market. The consolidation also included the ground transportation company C. Maat Transport and Klevenberg's operations in Houston. The merger of the operations in the Netherlands will be completed during the first half of 2019, which we expect will generate cost synergies.

With this acquisition, Wrist will benefit from Klevenberg's excellent customer relations, adding an organisation known for its distinguished customer service and last mile logistics set-up, which was built during decades of strong local and regional presence in the highly competitive ship supply market. It marks another important step in the steady development of Wrist's global network and will enhance efficiency and customer service offerings to the advantage of the customers of both companies.

Strategy for enhanced services and profitable growth

In spring 2018, a new ambitious 4-year strategy for Wrist was introduced. With a well-defined strategy, Wrist sharpened its focus even further to explore significant market drivers and respond to customer needs. The cornerstones of Wrist's strategy are to:

- Offer easily accessible services, increasingly embracing the potential of digital solutions
- Provide the best and most trusted total supply solution for customers
- Further explore scale benefits in procurement through data-driven insights and category management
- Develop strong operational capabilities and business systems, facilitating the servicing of customers.

Investing in the future

The pressure for cost reductions in the market require continued industry innovation, investments and consolidation. Wrist constantly pursues solutions that expand and enhance its range of service offerings. In recent years, significant investment has been made in operational system platform, and it has been rolled out in most operations. The platform enables better control of operations and new customer solutions, which we hope will drive additional sales and higher margins going forward. With the launch and implementation of the new strategy in 2018, Wrist emphasised the ambition of building an operating model constantly enabling lower unit costs, fast and accurate deliveries and easiness of customer ordering and paying, all based on scalable system platforms capable of leading the industry consolidation.

SHIP SUPPLY

Wrist is an experienced and distinguished supplier of provisions and stores for the global shipping industry. The company is continuously developing its business and capabilities, and after more than 60 years in the market, Wrist is now the world's leading ship supplier with a strong global presence.

Ship supply remains at the core of Wrist's DNA. Throughout the years, however, the Group has acquired a broad spectrum of skills within adjacent areas, including Garrets' wide spectrum of provision and stores management services.

Wrist is the world's largest ship supplier and coordinates global activities through regional centres in North America, Europe, the Middle East and Asia. Wrist's logistics set-up, including hubs and warehouses globally, is key to ensuring the coordination and long-time planning of supplies for customers.

Wrist supplies a broad range of products, including provision and deck, engine, electrical, cabin and bonded stores. The service concept comprises the storage, surrender and transport of customers' own supplies and spare parts – often through a general warehouse managed by Wrist. Logistics expertise is a core element of Wrist's competitive edge and provides the foundation for serving the world fleet.

Global network, local excellence

Customers are keen to work with a supplier that provides the scale, organisational resources, technology and infrastructure required to deliver end-to-end services. Wrist's worldwide network is essential to meeting these demands.

Through a global key account management organisation, regional and local teams provide customers with outsourced ship supply services, operating as an extension of their own businesses and thereby optimising operational efficiencies and vessel profitability. Wrist strives to understand and meet the exact needs and requirements of each customer.

With on-site personnel, Wrist can meet last minute requests for provisions and stores, etc. either through its own branches or its large network of approved subcontractors.

Integrating ship supply into fleet operations

Saving costs and time is essential to Wrist's customers. With sourcing, last mile logistics and management at its core, Wrist provides a global one-stop shopping solution: Wrist Bundled Services, where provision through Garrets is consolidated with fixed technical consumables and full logistics handling of spare parts, including last mile delivery.

Increasingly, customers move from stand-alone time-consuming Requests for Quotes (RFQ) to focus on the entire supply chain while gaining crucial cost control, security and transparency.

MIXED MARKET TRENDS

Cautious optimism for the container industry at the beginning of 2018, which indicated a positive growth that unfortunately did not quite happen. The Asia-Europe trade was weak with several months showing negative growth. The global demand has been decreasing since 2014.

Freight rates in the bulk segment recovered significantly in 2018 but are not strong across the board. US coal exports was one of the drivers in the first half of the year.

In the tanker market the rates remained at a low level during 2018, however, the last quarter showed increases. Oil product tankers are still suffering, despite somewhat higher freight rates in November.

PROVISION AND STORES MANAGEMENT

Outsourcing of provisioning to vessels has increased significantly during recent years, enhancing efficiency and reducing overhead costs while maintaining high quality and securing the welfare of crews. Operators are moving towards centralising their processes to a single point of contact and are looking for partners that can take care of all their sourcing needs on a global basis.

Garrets is the world's leading provision and stores management partner at sea. As one of the three business units in the Wrist Group, Garrets is dedicated to managing budgets and delivering provisions and stores to ships all over the world. Garrets serve more than 1,900 vessels with a firm focus on quality, based at agreed levels. Long-term partnerships with the customers are built through mutual trust and transparency.

Garrets assists customers in optimising their supply patterns by guiding their vessels to use the most cost-efficient ports during their voyage. Based on extensive knowledge, Garrets guides the vessels to generate the correct product mix for their provision order, ensuring menu planning with a view to nutrition and health for the crew, complying with MLC 2006 requirements.

Customer focus, continuous improvement, efficiency and streamlining of procurement processes are the cornerstones of the day-to-day activities. Garrets nominates a contact person for each vessel and office. Constantly, the passion for food safety and quality is in focus. Garrets partners with both seafarers, managers and ship owners, providing an outsourced solution with an attractive return in terms of both economy and quality.

Crew guidance and training

In alignment with the Wrist Group's mission of "Expert Care - Making our customers' life at sea better", Garrets supports customers beyond their specific needs. The seafarers and their welfare are at the heart of everything done within the business.

Garrets enhances crew welfare and retention through healthy menu planning, while also addressing the needs of multi-ethnic crews. By improving the service standards on board, Garrets emphasises the importance of managing and monitoring health, hygiene, nutrition, allergens and special diets as well as ways to facilitate, plan and prepare attractive menus.

That is why Garrets provides training programmes for chefs both ashore and online, conducts on-board galley audits and issues cookbooks and menu plans for every crew nationality. All this helps to raise the standard of living at sea.

Food quality and safety

Garrets works with a network of trusted suppliers that offer competitive prices. Continuously, Garrets benchmarks all suppliers and refers to the most convenient and cost-effective ports worldwide. This way, Garrets makes sure to provide complete provisioning at a daily rate, to the highest quality and within customers' budgets.

Partnering with NSF International, the leading global provider of public health and safety-based risk management solutions, Garrets adheres to a global food safety quality standard. An approved supplier of Garrets is required to demonstrate its commitment to improving food standards and safety and to work in close partnership with both Garrets and NSF. Garrets is the only provisions and stores management partner who has a global audit programme.

OUTSOURCING SOLUTIONS GAIN GROUND

Variations in the performance of shipping segments and companies are increasing. This has increased the level of second-hand trading of vessels, which again impacts the suppliers to the industry. At the same time, consolidation within the various segments is proceeding, and take-overs, mergers and strategic alliances are means for increasing volumes and facilitating cost savings.

Cost optimisation is in focus. All cost components are being scrutinised – big and small, fixed and variable – adding to the pressure on suppliers to optimise solutions and reduce prices. To some extent this has also implied more short-term behaviour and less emphasis on long-term strategic development and investments.

At the same time, there is an increasing awareness of the importance of healthy living. Furthermore, due to changes in demography, it has become harder to find capable, experienced crew members, adding pressure on owners and ship managers to improve living conditions at sea.

On this backdrop, interest is growing for new digital solutions and the utilisation of improved online connections at sea. Such improvements compete with other upgrades and investments in the shipping industry, e.g. in scrubbers and ballast water systems. But in their pursuit of cost savings in both shipping and the offshore sector, more and more owners and ship managers are moving towards outsourcing solutions like provision and stores management, and training programmes and new solutions are launched.

OFFSHORE SUPPLY

Meeting the constantly evolving supply requirements of the oil & gas and renewables market for over 30 years, the Wrist Group has become a market leader. The core of the business is to assure customers that all aspects of their product supply are taken care of.

Strachans, the leading brand in Northern Europe, and other units of the Wrist Group provide a wide range of services to meet the diverse and advanced customer requirements of the offshore sector. Through three strategically located distribution centres, the Group can support a vessel with a crew of six as well as a platform with 300+ people with a full range of products and services via all DK, NL and UK ports. Services include:

- Fully stocked product range – food as well as non-food.
- Customs compliance with every order.
- Adherence to Dangerous Goods guidelines (IMDG).
- Full EDI capabilities.
- Agent liaison and coordination of deliveries to quayside.
- Delivery of third-party products.
- Tailored management information.

A Key Account Manager is responsible for servicing the individual customer.

Reliable partner

Efficient and reliable procedures, based on accredited quality systems (ISO 9001/ISO 22000, including HACCP) enable Strachans to react rapidly to factors beyond our customers' control (e.g. weather), ensuring that orders are delivered at the right place and at the right time.

Appreciating that our customers want a single supply source for all products, Strachans holds stock of over 3,000 lines – from bonded meat to fitted sheets. Other requirements are catered for by dedicated staff that will source just about any item.

Increasing containerisation

Strachans offers a wide range of containers to suit specific customer requirements. All 1,600 containers in the fleet meet the DNV 2.7-1 standard and are delivered directly to the quayside.

To ensure frozen and chilled products reach their final destinations in the best possible condition Strachans operates a fleet of over 200 icebox containers, preserving product temperatures for up to four days without external power supply.

SIGNS OF OPTIMISM

2018 saw rising prices of crude oil. The rate of decommissioning was lower than anticipated, and although drilling activity remained relatively low, rig utilisation in the North Sea has started to rise with more projects expected in 2019.

Marine activity increased significantly, primarily to support OPEX projects delayed by the downturn of 2014 to 2016. These levels are anticipated to be maintained in 2019.

Cost reductions throughout the supply chain remain a major driver for all the oil & gas operators, and this agenda cascades through the industry. Despite some recovery in oil prices, it appears the lean era is here to stay.

During 2018 there were significant investments in the oil & gas industry, new fields being finalised or first oil being brought in. New or previously unrecoverable finds are being evaluated which can only be positive for the future of the North Sea offshore industry. At the same time, some prime oil operators are looking to divest more mature assets to specialist organisations who focus on optimising this segment of the market. History tells us this may extend the life-time of oil fields significantly.

Increasingly, offshore windfarms are being established and new technology is piloted for operations in these challenging environments. The renewables sector is widely expected to continue to grow over the coming years.

COMMITMENT TO ETHICS AND RESPONSIBILITY

Statutory statement on corporate social responsibility in compliance with sections 99a and 99b of the Danish Financial Statements Act (Årsregnskabsloven).

To promote the long-term interests of the company and its stakeholders, Wrist strives to comply with high ethical standards in all business practices.

Business Principles

Wrist's Business Principles provide guidelines to increase transparency and describe the way the company and its staff must act whilst pursuing the business objectives.

http://www.wrist.com/download/sustainability/business_principles_rev4_13feb14.pdf

The Business Principles are incorporated into Wrist's general business practices when living out its mission, "Expert care – making our customers' life at sea better", and they reflect the UN Global Compact, and relevant regulations on anti-corruption, competition law and international trade sanctions.

The Business Principles guide and direct employees and managers in essential matters such as:

- Relationships with authorities
- Transparency
- Anti-trust
- Anti-corruption
- Trade sanctions
- Anti-fraud and accuracy of accounting records
- Respect for generally recognised (internationally and locally) human and labour rights
- Employment practices

The Business Principles represent the codification of the ethical standards we strive towards and promote in Wrist, and they are important cornerstones for the formulation and communication of Wrist's ethical position and policies.

Our approach to environment and climate protection is expressed in the Wrist Business Principles. Here it is stated that Wrist supports a precautionary approach to environmental challenges for improved environmental performance and resource utilisation in order to run own operations as clean and efficiently as possible. We also expect our suppliers and business partners to follow these principles.

In carrying out our business activities, we are highly aware of complying with all relevant regulatory requirements, including environment and climate protection. In the light of this, and since we do not have any own production of goods, we have not established a detailed policy in this area.

Compliance Programme

Wrist's Compliance Programme covers the topics of:

- International trade sanctions
- Anti-bribery rules and principles
- Anti-trust rules/competition law

The programme complies with applicable rules and regulations and is tailored to Wrist and its industry, based on identified risk factors. Within each of these areas, the programme comprises detailed written policies and training.

The policies contain rules and regulations as well as practical advice for employees. The policies are distributed to all relevant employees, followed by training.

Wrist operates worldwide and from time to time in areas identified as high risk regarding corruption. Furthermore, cash is still a means of payment often used by vessels travelling the seas. Such risk factors, among others, have led us to paying special attention to the anti-bribery programme. The anti-bribery programme consists of a set of very concrete guidelines with clear rules for the giving and receiving of business courtesies. It is supplemented by a set of procedures designed to monitor compliance with the anti-bribery policy. To limit the risk of inappropriate behaviour, the programme contains procedures for providing cash discounts in cash sales and for cash withdrawals.

The training of our staff – including new staff and staff at newly acquired entities as well as repeated training of existing staff – was transformed into an online training programme in 2018, and a successful trial period with the training of 32 staff members was finalised by the end of the year. Training of all remaining relevant staff will proceed as an ongoing task with the goal of repeating training every two years. In 2019, the goal is to repeat training for approximately 200 employees and to train another approximately 200 staff employed after the on-site trainings ended in 2016.

Already in 2017, Wrist began preparations for meeting the requirements of the General Data Protection Regulation of the EU, and a compliance programme was launched at all relevant entities prior to the Regulation coming into force in May 2018. The programme included data mapping, policies and guidelines with practical guidance, and data processing agreements signed with data processors.

The implementation of the Business Principles and the compliance programme has generated an increased awareness among staff and managers of the importance of avoiding violations.

Human rights

All Wrist's business activities are performed with respect for human and labour rights – for instance fair employment, dissociation from forced or compulsory labour and the use of child labour, freedom of association, the right to collective bargaining and freedom from discrimination.

Employees must act accordingly, and Wrist's Business Principles constitute an essential reference in dealings with external stakeholders.

Suppliers and supply chain

Wrist strives to ensure that our suppliers comply with our ethics and standards as expressed in the Wrist Business Principles. Wrist operates in many regulatory environments and expect its suppliers to act ethically and comply with applicable rules in all countries were business is conducted.

With a significant number of global suppliers from many different countries, Wrist cannot secure completeness regarding the awareness and understanding of its Business Principles, but the efforts and initiatives will continue being a natural part of developing Wrist's supply chain.

It is key that Wrist's suppliers understand and endorse its Business Principles. Among other procedures, Wrist requires all significant suppliers to sign the Group's Business Principles. This procedure was introduced in 2014 and so far, 30% of Wrist's global suppliers are committed to these Business Principles. The ambition is to have suppliers corresponding to 50% of the Group's spend committed in 2020.

Whistleblowing

A Group whistleblowing system specifically tailored to the requirements of Wrist enables stakeholders to report suspected or suspicions of breaches of its Business Principles anonymously with no risk of retaliation. The whistleblowing system is approved by the Danish Data Protection Agency. No reporting was made in 2018.

Seafarers

"Expert care – making our customers' life at sea better" being our mission, we strive to go beyond the core competitive parameters in our businesses.

Seafarers are often mentioned as 'the forgotten workforce' and life at sea is known to be tough for the approx. 1.5 million seafarers worldwide. Working conditions are sometimes risky with help not always close at hand at sea, and hiring periods are long, meaning absence from family and friends.

Consequently, the life of seafarers is always in focus and Wrist's donations and charity to this group are prioritised. All Wrist does ends with seafarers, offshore or navy crew and thus affects their motivation and wellbeing.

Various charitable organisations perform a tremendous effort to help seafarers. Wrist has been a member of ISWAN (International Seafarers' Welfare and Assistance Network) since 2013 and is the sponsor of two ISWAN awards - "Seafarer centre of the Year" (Wrist Ship Supply) and "Shipping Company of the Year" (Garrets). Further Garrets has sponsored Sailors Society by co-funding a new maritime education scholarship, administered by Homer Foundation, to train at the Magsaysay Center for Hospitality and Culinary Arts (MIHCA) in Manila. The scholarship enables Filipino students from underprivileged backgrounds to pursue culinary careers in the shipping industry.

Each year, Wrist marks the "Day of the Seafarer" on 25 June – a campaign run by the International Maritime Organisation (IMO).

Promotion of the underrepresented gender

Management

In accordance with Wrist's commitment to achieving a sound and balanced composition of genders across the company, the Board of Directors has approved a policy aimed at increasing the share of the underrepresented gender at all management levels. Training, development and promotional opportunities are available to prepare employees for management positions.

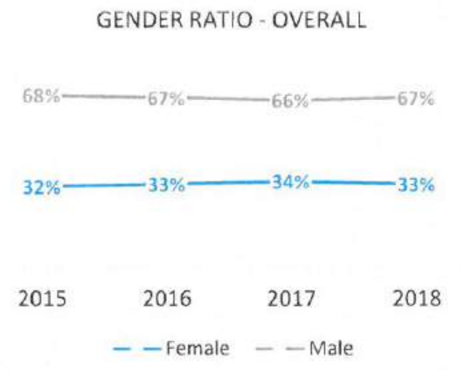
This policy will be monitored and reviewed annually by the Board of Directors and progress compared to the stated intention is reported to the Board.

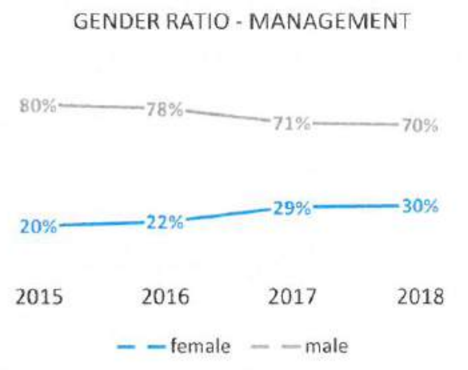
Wrist defines "Management" as:

- The Executive Board
- Managers reporting directly to the Executive Board
- Managers leading a team of two or more employees
- Specialists with company-wide impact.

The share of male and female managers was 70% and 30%, respectively by the end of 2018. This is an overall improvement since 2015, however, slightly below the desired target for the year. The 2019 target is a proportion of 60% and 40%, respectively.

The steady narrowing of the gap between the male and female managerial staff since 2015 has been achieved on the background of the Group's steady gender distribution of 67% male and 33% female.





In support of our 2019 target, Wrist will continue its range of initiatives to help managers embrace the target:

Talent acquisition

Ensure candidate lists for job interviews at all levels have equal representation of the two genders, and when top candidates are equally qualified, to select a candidate of the underrepresented gender.

Internal promotions

As for talent acquisition, cf. above.

Talent development

Ensure that talents of the underrepresented gender is supported by training, development and mentoring opportunities that will assist them in their professional growth. Hereunder, specifically define managerial development opportunities during the annual performance reviews.

Role models

Create a forum where the underrepresented gender may participate in activities (e.g. speeches at local focus groups) to gain insight and inspiration to develop own career opportunities.

The overarching principle, however, remains to be the selection of the best-qualified person, irrespective of gender, race, age or religious beliefs.

Board of Directors

The gender composition at the Board of Directors level remains unchanged from previous years (0% female /100% male). Wrist strives to reach a more balanced distribution of gender within the Board of Directors. The target is to achieve at least a 80/20 distribution between men and women before the end of 2020. The target is related to the owner's representatives and does not include employee representatives (if any).

RISK MANAGEMENT

Wrist is exposed to various risks that may impact the Group's results, cash flow, financial position and prospects.

Significant potential risk factors related to markets, business operations and financial markets are identified, monitored, evaluated and reported on a continuous basis, and risk management is also integrated in the Group's strategic planning process.

Market risk

Market risk refers primarily to risk factors on which the management can exert only limited influence in the short term, but which are addressed in its long-term planning.

Industry prospects

Wrist offers its services to the shipping and offshore industry in numerous countries, and this diversification mitigates risk. Wrist continuously monitors the development of the industries served to enable timely adjustments of its strategic planning.

Structural changes

Structural changes among onshore and offshore distributors and the consolidation of providers of services to the shipping industry create opportunities as well as risks. Wrist monitors developments and adjusts its strategic and tactical planning accordingly.

Business risk

Business risk refers to overall risks relating to the current operations of the company.

Price fluctuations

To mitigate risks associated with fluctuations in cost Wrist is continuously working to improve its sales processes to optimise its pricing of products and contractual agreements and manage inventory levels.

Customer retention

Wrist serves a large and diverse customer base, which is broadly distributed both geographically and in terms of supply solutions and products. This mitigates risk as does the Group's focus on customer service. With its global key account management organisation, Wrist has a thorough understanding of the needs of its customers and is able to develop initiatives to improve its offerings.

Financial reporting

The mitigation of the key risks relating to the Group's financial reporting is ensured through Group policies on financial management, a financial manual, internal controls and the statutory audit. Wrist adheres to firm budgeting and reporting schedules and monitors the performance of its business units on a monthly basis. Structured business review meetings are held quarterly.

IT system availability

High-quality and reliable IT systems are important for the Group's order processing, warehousing, delivery of services, financial reporting and accounting records. Wrist is continuously testing and developing the capacity and reliability of its IT systems to secure high performance.

Environmental risk

This category of risk relates to costs the Group may incur to reduce emissions according to new or stricter environmental legislation, to arrange more effective waste disposal, etc. To reduce these risks the Group has an ambition to be within the boundaries set by local legislation. The operations of the Group are not considered to have a significant environmental impact.

Political risk

Political risk is the risk that the authorities, in the countries where the Group operates, by political decisions or administration make continuation of operations difficult, expensive or impossible for the Group. The Group mainly operates in countries where the political risk is considered negligible or minor.

Compliance with regulations

Wrist is committed to conducting business in compliance with all applicable laws and other regulation and to adhering to principles of good corporate citizenship in all countries in which it is active. The manager of each business unit, supported by Group functions, is responsible for monitoring and enforcing the Group's policies as well as ensuring compliance with national legislation and local requirements. Wrist's Business Principles, related policies and procedures are available to managers and employees to assist and direct them in carrying out their duties.

Financial risk

Financial risk factors refer to fluctuations in the Group's results, cash flows or financial position due to changes in Wrist's financial exposure. The overall objective of risk monitoring and control is to ensure cost-effective financing and to minimise potential adverse impacts from market fluctuations.

Currency risk

Due to the international nature of Wrist's operations, the Group is exposed to currency risks. The Group's business activities are predominantly denominated in USD, GBP, SGD and EUR, while most credit facilities are denominated in DKK, USD and GBP (currencies listed according to aggregated amounts).

Currency risk arises from transaction exposure, which relates to exchange rate fluctuations that affects currency flows related to the business activities, and from translation exposure related to the translation of the subsidiaries' financial statements from their local currencies to DKK.

The Group usually benefits from natural risk coverage where sales and costs are both denominated in local currencies. Thus, overall, the transaction exposure is estimated to be limited.

Translation exposure, however, arises when the subsidiaries' financial statements in local currencies are translated into DKK, partly due to differences in the closing rates of the current year and the previous year, partly because the comprehensive income statement is translated at the average rates of the year whereas the statement of financial position is translated at the closing rates. Translation differences are reported against Other Comprehensive Income. The risk is largest for the currencies where the Group has the largest net assets and where the exchange rate movements against DKK are largest.

Interest rate risk

Changes in the interest levels may affect the financial results. The Group manages this risk by derivative financial instruments, e.g. interest rate swaps. Wrist hedges most of its interest risk exposure for a period of three years.

Liquidity risk and refinancing risk

Liquidity risk is defined as the risk of the Group incurring increased costs due to lack of liquid funds while refinancing risk is defined as the risk of refinancing of maturing loans becoming difficult or costly. The loans of the Group are mainly long term.

Wrist maintains a healthy financial position, cash flow and liquidity reserve. Treasury management is centralised and ensures that sufficient financial resources are available to meet planned requirements. Wrist has entered into a long-term committed financing agreement with a banking syndicate, enabling both current operations and planned expansion.

Credit risk

Credit risk consists of the commercial risk of bad debt, i.e. in case a customer is unable to pay for delivered supplies due to financial difficulties, and financial counterparty risk.

Wrist has an extensive range of customers in countries all over the world. From time to time a customer may face financial problems or go bankrupt as this is an inherent risk in the industries in which Wrist operates. However, no customer represents more than a minimal share of net sales and thereby represent a limited risk. The aggregate amount recognised under trade receivables in the balance sheet constitutes the maximum credit risk. Receivables relate to shipping, ship management and catering companies.

Handling increased credit risk in the shipping industry, Wrist's global credit function monitors the creditworthiness of existing and new customers and assists in debt collection. Wrist conducts individual assessments of its customers' creditworthiness continuously via the centralised function.

Financial instruments potentially subject the Group to significant concentrations of counterparty risk. The Group limits this exposure by cooperating only with selected counterparties with high credit ratings.

FINANCIAL REVIEW

Sales

The volume of supplies to ships increased in 2018, despite the demand for budget savings and thus lower priced goods. The development in sales to merchant vessels was increasing in 2018, whereas the low demand in offshore oil and gas markets reduced sales marginally. Net sales increased by 1.3% in local currencies after adjustment for acquisition. In total and in reporting currency, the net sales increased as much as 4.3%, reaching DKK 4,277m compared to DKK 4,101m in 2017.

Gross profit

Gross profit grew to DKK 1,092m from DKK 1,000m in 2017. The gross profit ratio was 25.5% compared to 24.4% in 2017. The primary reasons for the higher ratio are improvements in the supply chain including sourcing improvements and changes in business composition.

Operating profit

The operating profit is impacted by special expenses related to acquisition, strategy implementation and restructuring of several businesses. In 2018, special expenses have had an impact of DKK 20m compared to 2017. Adjusted for those special expenses, the operating profit (EBITDA) improved 0.2% compared to 2017. The reported operating profit (EBITDA) was DKK 213m, while the operating margin went to 5.0% in 2018 compared to 5.2% the year before. Many operations have, considering the overall market situation, performed well. However, the development in some operations has been below last year and the expectations. The Klevenberg operating profit is included from 3 August 2018.

Net profit

The net profit for the year was DKK 36m compared to DKK 49m in 2017. Management considers the profit level is below expectations.

Cash flows

The cash flow from operating activities was DKK 201m in 2018 against DKK 55m in 2017, a significant increase. The working capital as per 31 December 2018 was 242m which is a significant improvement compared to 2017. The positive effect is primarily a result of improvement in management of supplier payments. The working capital, as a ratio of sales, was 5.4% compared to 7.5% in 2017.

Investments

Net investments amounted to DKK 225m compared to DKK 41m in 2017. Acquisition of companies aggregated DKK 198m compared to 0m in 2017 while investments in software and property, plant and equipment aggregated DKK 29m, compared to DKK 41m in 2017.

Financial position

At 31 December 2018, cash and cash equivalents was DKK 100m, while undrawn credit facilities amounted to DKK 210m. Accordingly, total available cash resources amounted to DKK 310m against DKK

274m at the same time the year before. Wrist has entered into agreements on long-term committed credit facilities enabling both current operations and planned expansion.

The net interest-bearing debt (NIBD) amounted to DKK 910m at 31 December 2018 (DKK 788m at the end of 2017). The net interest-bearing debt as a ratio to like-for-like EBITDA stood at 4.3 by the end of 2018 against 4.0 the year before.

Subsequent events

No significant events have occurred since the date of the accounts.

Outlook for 2019

Many segments in the shipping industry have a challenging supply-demand balance, due to the overcapacity. Activity in the ship supply markets is dependent on spend per ship and the number of ships in operation, and the growth in seaborne transportation is driven by the global economic growth. However, Wrist expects to continue capturing market share. In the offshore oil & gas markets the industry sentiment has turned to a more optimistic view of the future, although coming from a low level. The increasing oil prices and the industry's ability to reduce unit costs improves the profitability and investment appetite.

Despite some short-term negative market drivers, Wrist continues investing in strategic projects like global business system platforms , facility upgrades and expansion in key hubs or new locations, and will solidify Wrist's business model. The continued focus on developing a robust and scalable last mile logistics and digital infrastructure – supported by financial resources, a global presence, agility and the high quality of its products and services – remains the mainstay of the business.

Overall, Wrist anticipates organic growth in sales, benefitting from the Group's strong market position and constant enhancements of its business model. For 2019, Wrist expects total sales to grow to around DKK 4.6-4.8bn and an increase in the operating profit (EBITDA) of 25-35% before impact from implementation of new IFRS16 standard. This outlook assumes foreign exchange rates at the current levels.

STATEMENTS

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the annual report of W.S.S. 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 disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2018 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2018.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

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

Aalborg, 31 May 2019

Executive Board

Anders Skipper
CEO

Board of Directors

Søren Dan Johansen
Chairman

Robert Steen Kledal

Håkan Petter Samlin

INDEPENDENT AUDITOR'S REPORT

To the shareholders of W.S.S. Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of W.S.S. Holding A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31. December 2018, and of the results of their operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the consolidated financial statements and the parent financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and,

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 31 May 2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Erik Lynge Skovgaard Jensen	**Rasmus Brodd Johnsen**
State-Authorised Public Accountant	State-Authorised Public Accountant
MNE-no. mne10089	MNE-no. mne33217

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS

	Note	2018 DKK'000	2017 DKK'000
Net Sales	2	4,276,511	4,101,471
Cost of sales		-3,184,206	-3,101,268
Gross profit		**1,092,305**	**1,000,203**
Other external expenses	3	-353,331	-294,439
Staff costs	4	-524,294	-492,446
Other operating income		0	331
Other operating expenses		-1,986	-18,100
Depreciation and amortisation	5	-63,480	-59,682
Operating profit before interest and tax (EBIT)		**149,214**	**135,867**
Financial income	6	10,281	11,954
Financial expenses	7	-98,804	-77,620
Profit before tax (EBT)		**60,691**	**70,201**
Income tax	8	-24,787	-21,552
Net profit for the year		**35,904**	**48,649**
Attributable to:			
Shareholders of W.S.S. Holding A/S		31,271	39,881
Non-controlling interests		4,633	8,768
		35,904	**48,649**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	2018 DKK'000	2017 DKK'000
Net profit for the year		35,904	48,649
Other comprehensive income			
Items that can be reclassified to the income statement when certain conditions are met:			
Exchange differences, foreign entities		11,705	-39,102
Fair value adjustment for the year relating to hedging instruments		-1	834
Tax relating to hedging instruments		0	-184
Total comprehensive income		47,608	10,197
Attributable to:			
Shareholders of W.S.S. Holding A/S		42,140	5,628
Non-controlling interests		5,468	4,569
		47,608	10,197

CONSOLIDATED CASH FLOW STATEMENTS

	Note	2018 DKK'000	2017 DKK'000
Profit before tax (EBT)		60,691	70,201
Amortisation and depreciation		63,480	59,682
Working capital changes	19	98,598	-69,014
Adjustments for non-cash items	20	58,687	59,362
Cash flow from ordinary operating activities		**281,456**	**120,231**
Financial income		10,885	11,954
Financial expenses		-56,725	-61,626
Income taxes refunded/paid		-34,305	-15,566
Cash flow from operating activities (CFFO)		**201,311**	**54,993**
Acquisition etc. of intangible assets		-20,686	-18,036
Acquisition etc. of property, plant and equipment		-12,500	-24,538
Sale of property, plant and equipment		4,307	1,262
Acquisition of enterprises		-196,398	0
Cash flow from investing activities (CFFI)		**-225,277**	**-41,312**
Proceeds from borrowings Group enterprises		20,731	19,868
Instalments on loans etc		-158,757	-12,828
Purchase/Sale of own shares		-78,578	-1,462
Proceeds from capital increase		4,082	0
Proceeds from issue of redeemable preference shares		104,932	121,475
Other cash flows from financing activities		-2,020	1,654
Cash flows from financing activities	21	**-109,610**	**128,707**
Cash flow for the year		**-133,576**	**142,388**
Cash and cash equivalents at 1 January		232,697	94,651
Currency translation adjustments of cash and cash equivalents		1,244	-4,342
Cash and cash equivalents at 31 December		**100,365**	**232,697**

The cash flow statement cannot be derived from the published financial information only.

CONSOLIDATED BALANCE SHEETS, ASSETS

	Note	2018 DKK'000	2017 DKK'000
Goodwill		1,303,733	1,164,794
Software		61,466	50,420
Other intangible assets		61,772	30,257
Intangible assets in development		0	9,287
Intangible assets	9	**1,426,971**	**1,254,758**
Land and buildings		57,158	63,341
Fixtures and fittings, tools and equipment		57,058	61,902
Leasehold improvements		22,622	24,997
Ships		20,548	21,879
Prepayments for property, plant and equipment		598	546
Property, plant and equipment	10	**157,984**	**172,665**
Investments in associates		374	0
Deferred tax assets	14	18,360	17,041
Other non-current assets		**18,734**	**17,041**
Total non-current assets		**1,603,689**	**1,444,464**
Inventories		**241,400**	**233,962**
Trade receivables	15	787,459	651,762
Receivables from group enterprises		516	2,875
Income tax receivable		37,150	15,528
Other receivables		115,779	80,290
Prepayments		8,531	9,326
Receivables		**949,435**	**759,781**
Cash and cash equivalents		**100,365**	**232,697**
Total current assets		**1,291,200**	**1,226,440**
Total assets		**2,894,889**	**2,670,904**

CONSOLIDATED BALANCE SHEETS, EQUITY AND LIABILITIES

	Note	2018 DKK'000	2017 DKK'000
Share capital		7,042	7,042
Foreign currency translation reserve		-23,742	-34,612
Hedging reserves		123	124
Retained earnings		854,724	854,131
Shareholders' share of equity		**838,147**	**826,685**
Non-controlling interests		**72,014**	**110,548**
Shareholders' equity		**910,161**	**937,232**
Deferred tax	14	24,254	14,799
Provisions	16	12,687	11,656
Accrual for straight line lease expense		17,614	16,342
Debt preference shares to holders	26	254,267	128,869
Debt to mortgage credit institutions	17	2,317	2,577
Debt to credit institutions	17	539,136	703,712
Leasing debt	17	26,685	28,320
Total non-current liabilities		**876,960**	**906,275**
Instalment of non-current debt next year	17	149,208	115,461
Provisions	16	1,533	99
Accrual for straight line lease expense		132	7
Trade creditors		707,976	505,803
Debt to group enterprises		40,427	38,829
Corporate tax		33,804	20,721
Other payables	18	174,688	145,137
Deferred income		0	1,340
Total current liabilities		**1,107,768**	**827,397**
Total liabilities		**1,984,728**	**1,733,672**
Total equity and liabilities		**2,894,889**	**2,670,904**

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

DKK'000	Share capital	Retained earnings	Foreign currency translation adjustment	Hedging reserves	W.S.S. Holding's share	Non-controlling interests	Total
Shareholders' equity at 1 January 2018	**7,042**	**854,131**	**-34,612**	**124**	**826,685**	**110,547**	**937,231**
Net profit for the year	0	31,271	0	0	31,271	4,633	35,904
Other comprehensive income	0	0	10,870	0	10,870	835	11,705
Fair value adjustment for the year relating to hedging instruments	0	0	0	-1	-1	0	-1
Tax relating to hedging instruments	0	0	0	0	0	0	0
Total comprehensive income	**0**	**31,271**	**10,870**	**-1**	**42,140**	**5,468**	**47,608**
Gains on deal disposals on interests in subsidiaries	0	-30,678	0	0	-30,678	-44,001	-74,679
Shareholders' equity at 31 December 2018	**7,042**	**854,724**	**-23,742**	**123**	**838,147**	**72,014**	**910,161**
Shareholders' equity at 1 January 2017	**7,042**	**814,444**	**220**	**-455**	**821,251**	**107,246**	**928,497**
Net profit for the year	0	39,881	0	0	39,881	8,768	48,649
Other comprehensive income	0	0	-34,832	0	-34,832	-4,270	-39,102
Fair value adjustment for the year relating to hedging instruments	0	0	0	743	743	91	834
Tax relating to hedging instruments	0	0	0	-164	-164	-20	-184
Total comprehensive income	**0**	**39,881**	**-34,832**	**579**	**5,628**	**4,569**	**10,197**
Gains on deal disposals on interests in subsidiaries	0	-194	0	0	-194	-1,268	-1,462
Shareholders' equity at 31 December 2017	**7,042**	**854,131**	**-34,612**	**124**	**826,685**	**110,547**	**937,232**

Number of shares is 7,042 with the nominel value of DKK 1,000.

No dividend was declared in 2018 or 2017.

NOTES TO THE CONSOLIDATED STATEMENTS

1 Critical accounting policies

1.1 Application of new and revised International Financial Reporting Standards (IFRSs)

Amendments to IFRSs that are mandatorily effective for the current year
New and revised standards and interpretations that are mandatorily effective as per 1 January 2018 have been implemented. The application of these standards and interpretations has not resulted in any material impact on the financial performance or financial position of the Group.

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

IFRS 9 Financial Instruments
IFRS 9 introduces new requirements for i) the classification of financial assets and financial liabilities, ii) impairment of financial assets and iii) general hedge accounting.

Wrist Ship Supply Holding has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, and have not restated comparatives.

All financial assets and financial liabilities in Wrist Ship Supply Holding, except for derivatives used as hedging instruments, were classified at amortised cost under IAS 39, and continue to be classified at amortised cost under IFRS 9. Therefore, the new classification requirements in IFRS 9 have not affected the financial statements of Wrist Ship Supply Holding.

The Group has in the past experienced insignificant credit losses, and the change from an incurred loss model under IAS 39 to an incurred loss model under IFRS 9 have not had a material impact on the allowance for credit losses.

The Group only have limited and basic hedging activities related to cash flow hedges of variable interest liability through interest rate swap contracts. The qualifying hedging relationships in place at 1 January 2019 also qualified for hedge accounting under IFRS 9 and were therefore regarded as continuing hedging relationships. Consistent with prior periods, The Group has continued to designate the change in fair value of the entire swap contracts as the hedging instrument in the cash flow hedges. Consequently, the new general hedge accounting provisions of IFRS 9 have not had an effect on the financial statements of The Group.

IFRS 15 Revenue from Contracts with Customers
In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January

2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

Wrist Ship Supply Holding Group has implemented IFRS 15 in the financial year 2018, using the more gentle transition requirements with no adjustments of comparative figures, and where the effect is included in the retained earnings per 1 January 2018.

The Group recognises revenue from the following major sources:

- Sale of goods directly to ships and offshore facilities
- Sale of goods through "Provision Management Service"

Wrist Ship Supply Holding Group does not have contracts with customers involving multiple performance obligations, delivery over time or significant costs to obtain or fulfil customer contracts, and implementation of IFRS 15 did not have any material effects on the financial statements.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and revised IFRSs in issue but not yet effective
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the group. The Group's assessment of the impact of these new standards and interpretations is set out below:

IFRS 16 Leases
IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the group's operating leases.

The Group expects to recognise right-of-use assets of approximately DKK 434m on 1 January 2019, lease liabilities of DKK 434m (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018).

The Group expects that net profit after tax will decrease by approximately DKK 6m for 2019 as a result of adopting the new rules. EBITDA is expected to increase by approximately DKK 94m, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

Operating cash flows will increase and financing cash flows decrease by approximately DKK 65m as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.
The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Other new or revised IFRS
There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 26, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The key assumptions used in the impairments tests of goodwill are disclosed in note 11.

Revenue recognition
Revenue for the sale of goods is recognised in accordance with IFRS 15, when Wrist Ship Supply Holding Group has transferred control of the goods sold to the customer and it is probable that the Group will collect the consideration to which it is entitled for transferring the goods. Control of the products is transferred at a point in time, typically on delivery, which is upon delivery alongside the ship. As part of the Group's activities, The Group offers a "Provision Management Service", where the global supply costs are settled through a fixed monthly invoice based on a victualling rate per man per day. However, The Group has transferred control of the goods to the customer upon delivery alongside the ship. Thus, the customer has legal title to and physical

possession of the goods, all significant risks and rewards related to the goods have been transferred, including any risk of physical damage to the goods, and the customer has accepted the goods. Because of the possible disconnection between the timing of the delivery of the goods, the actual consumption of the goods by the ship and the invoicing of the victualling rate, there are some uncertainties as to the actual amount of consideration to which the Group will be entitled for the goods delivered. However, the uncertainty is not significant enough to warrant postponement of the recognition of the revenue. Thus, management expects that the consideration will in all cases cover The Group costs related to the goods delivered as a minimum. Therefore, revenue related to the unconsumed and not invoiced part of goods delivered is recognised at an amount that equals cost and included as a contract asset as part of the trade receivables.

Preference shares
Management has used judgements in determining the accounting treatment in the consolidated financial statements of preference shares issued by the subsidiary Wrist Ship Supply Holding A/S. The preference shares carry a preference right to distribution of proceeds from Wrist Ship Supply Holding A/S in an aggregate amount equal to the initial investment amount paid with the addition of accumulating compounding return of 11% annually. The preference shares does not carry any voting rights or right of representation at the annual general meeting, and decisions about distributions are at the sole discretion of the annual general meeting.

However, in the event of a transfer of control in the subsidiary or any entity holding directly or indirectly shares in the subsidiary (including W.S.S. Holding A/S), whereby Altor ceases to own directly or indirectly more than 50% of the shares in the subsidiary, or in the event of an IPO of the shares of the subsidiary or any entity holding directly or indirectly shares in the subsidiary, the preference share investors has the option to sell the preference shares to W.S.S. Holding A/S. W.S.S. Holding A/S may thus be obligated to purchase the preference shares in Wrist Ship Supply Holding A/S as a consequence of a transfer of control or an IPO of its own shares or its parent entities, which is outside the control of W.S.S. Holding A/S.

Consequently, management has assessed that W.S.S. Holding A/S does not have an unconditional right to avoid payment in cash for the preference shares in the subsidiary, and the preference shares are therefore accounted for as a liability in the consolidated financial statements and not as non-controlling interests.

		2018 DKK'000	2017 DKK'000
2	**Net Sales**		
	Europe	2,418,648	2,320,070
	North America	1,033,397	815,836
	Asia	410,301	460,708
	Middle East and Africa	274,141	367,861
	Other regions	140,024	136,996
		4,276,511	**4,101,471**
	Hereof sales of services	**69,003**	**64,164**

The Group is not listed or in the process of becoming listed, and no segment information is disclosed according to IFRS. Revenue is split between geographical regions. This information does not amount to segment information to IFRS.

3 Fees to auditors appointed at the annual general meeting

	2018	2017
Statutory audit	3,564	2,570
Other engagement services	0	55
Tax and VAT services	253	315
Other services	536	693
Fees to auditors	**4,353**	**3,633**
Statutory audit (other auditors)	299	366
Other engagement services (other auditors)	0	671
Tax and VAT services (other auditors)	1,133	59
Other services (other auditors)	110	8
Other fees	**1,542**	**1,104**
	5,895	**4,737**

4 Staff costs

	2018 DKK'000	2017 DKK'000
Wages and salaries	437,986	416,012
Pension costs	25,520	23,106
Other social security costs	27,307	20,835
Other staff costs	33,481	32,493
	524,294	492,446
Global		
Average number of full-time employees 31 December	1,361	1,279
Number of full-time employees per 31 December	1,452	1,264
Denmark		
Average number of full-time employees 31 December	267	258
Number of full-time employees per 31 December	274	262

4 Staff costs continuing

DKK'000	Board of Directors / Executive board	Other top manage-ment	Total
Salary	5,635	8,750	14,385
Bonus	727	1,547	2,274
Pension, company contributions	0	577	577
Benefits (car, housing, phone etc.)	243	1,025	1,268
Cost at 31 December 2018	6,605	11,899	18,504
Salary	5,593	12,939	18,532
Bonus	2,346	2,805	5,151
Pension, company contributions	0	367	367
Benefits (car, housing, phone etc.)	181	5,178	5,359
Cost at 31 December 2017	8,120	21,289	29,409

According to the Danish Financial Statements act §98B, section 3 number 1 the Group has disclosed fee for Board of Directors together with fee for the Executive Board for 2015.

The Executive Board and a number of members of other top management in the Group are comprised by special bonus arrangements based on individual performance targets. For the Executive Board the bonus payments are maximized at 75% of the individual basic salary, and for other top management these vary between 10% to 60% of the individual basic salary. The bonus arrangements are unchanged compared to previous year.

Certain employees and members of management have in the period 2012 to 2018 acquired warrants and shares in the parent Wrist Ship Supply Holding A/S at the fair value of the warrants and shares at the date of acquisition. The warrants and shares are fully vested. The warrants outstanding at 31 December 2018 are exercisable at the time Wrist Ship Supply Holding A/S is sold or becomes listed. However, exercise also requires that certain thresholds for increase in the fair value of the shares in Wrist Ship Supply Holding A/S are achieved.

4 Staff costs continuing

As the warrants and shares are purchased by the employees at their fair value, no amounts related to the warrants or shares are recognized in the Wrist Ship Supply Holding A/S Group.

Number of outstanding warrants	**Warrants**	**Excercise prices**
1 January 2017	1,131	55,040 - 64,808
Issue of new warrants	69	
31 December 2017	1,200	60,544 - 64,808
Issue of new warrants	24	
Exercised by share subscription	-63	
31 December 2018	1,161	64,808 - 111,158
Share valuation 31 December 2018:		
Undiluted		122,136
Diluted		120,015

		2018 DKK'000	2017 DKK'000
5	**Depreciation and amortisation**		
	Amortisation of intangible assets	29,525	21,628
	Depreciation of property, plant and equipment	33,955	38,054
		63,480	**59,682**
6	**Financial income**		
	Interest income	9,364	4,606
	Exchange rate adjustments	0	6,467
	Other financial income	917	881
		10,281	**11,954**

All financial assets are measured at amortised costs, and hence all interest income is from financial assets measured at amortised cost.

		2018 DKK'000	2017 DKK'000
7	**Financial expenses**		
	Interest expenses	53,777	49,516
	Loan and interest expenses preference shares	20,466	7,394
	Exchange rate adjustments	2,544	0
	Financial leasing	2,393	2,563
	Other financial expenses	19,624	18,147
		98,804	**77,620**

All financial liabilities are measured at amortised cost, and hence all interest expenses are from financial liabilities measured at amortised cost.

	2018	2017
	DKK'000	DKK'000
8 Income tax		
Current tax		
Current tax on profit for the year	22,592	22,875
Adjustment in respect of prior years	3,685	2,204
Total current tax	26,277	25,079
Deferred tax		
Adjustment of deferred tax asset/liability	-512	-61
Effect of change in tax rate	241	0
Adjustment of deferred tax asset/liability in respect of prior years	-1,219	-3,466
Total deferred tax	-1,490	-3,527
Total income tax	**24,787**	**21,552**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profit of the consolidated entities as follows:

Earnings before tax	**60,691**	**70,201**
Calculated tax at Danish statutory rate of 22%	13,352	15,444
Effect of difference in tax rate in foreign subsidiaries	2,302	-1,347
Adjustment in respect of prior years	2,466	-1,262
Effect from change in local tax rate	241	4,066
Income/expenses not subject to tax	6,426	4,651
Tax charge	**24,787**	**21,552**

9 Intangible assets	Goodwill DKK'000	Software DKK'000	Other intangible assets	Intangible assets in development DKK'000	Total DKK'000
Cost at 1 January 2018	**1,164,794**	**106,523**	**49,067**	**9,287**	**1,329,671**
Exchange rate adjustments	19,303	513	2,559	0	22,375
Additions	0	20,686	0	0	20,686
Additions from acquisitions	120,094	0	40,217	0	160,311
Disposals	0	-231	0	0	-231
Transfer to software	0	9,287	0	-9,287	0
Total cost at 31 December 2018	**1,304,191**	**136,778**	**91,843**	**0**	**1,532,812**
Amortisation at 1 January 2018	**0**	**56,103**	**18,810**	**0**	**74,913**
Exchange rate adjustments	0	323	1,286	0	1,609
Amortisation for the year	0	19,092	9,975	0	29,067
Writedown for the year	458	0	0	0	458
Reversal regarding disposals	0	-206	0	0	-206
Reclassifications	0	0	0	0	0
Total amortisation at 31 December 2018	**458**	**75,312**	**30,071**	**0**	**105,841**
Carrying amount at 31 December 2018	**1,303,733**	**61,466**	**61,772**	**0**	**1,426,971**
Cost at 1 January 2017	**1,207,660**	**83,412**	**55,747**	**15,110**	**1,361,929**
Exchange rate adjustments	-42,866	-542	-6,680	0	-50,088
Additions	0	8,542	0	9,288	17,830
Transfer to software	0	15,111	0	-15,111	0
Total cost at 31 December 2017	**1,164,794**	**106,523**	**49,067**	**9,287**	**1,329,671**
Amortisation at 1 January 2017	**0**	**45,184**	**10,221**	**0**	**55,405**
Exchange rate adjustments	0	-68	-1,846	0	-1,914
Amortisation for the year	0	11,193	10,435	0	21,628
Reclassifications	0	-206	0	0	-206
Total amortisation at 31 December 2017	**0**	**56,103**	**18,810**	**0**	**74,913**
Carrying amount at 31 December 2017	**1,164,794**	**50,420**	**30,257**	**9,287**	**1,254,758**

10 Property, plant and equipment	Land and buildings DKK'000	Ships, fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Ships DKK'000	Prepayments for property, plant and equipment DKK'000	Total DKK'000
Cost at 1 January 2018	**101,938**	**208,554**	**47,682**	**35,356**	**546**	**394,076**
Exchange rate adjustments	1,564	2,839	1,014	0	-16	5,401
Additions	0	8,027	3,030	842	601	12,500
Additions from acquisitions	0	7,148	47	0	0	7,195
Disposals	-723	-11,529	-162	0	-533	-12,947
Reclassifications	-95	-2,011	0	0	0	-2,106
Total cost as at 31 December 2018	**102,684**	**213,028**	**51,611**	**36,198**	**598**	**404,119**
Depreciation at 1 January 2018	**38,597**	**146,652**	**22,685**	**13,477**	**0**	**221,411**
Exchange rate adjustments	809	2,076	643	0	0	3,528
Depreciation for the year	6,120	19,871	5,791	2,173	0	33,955
Reversal regarding disposals	0	-10,523	-130	0	0	-10,653
Reclassifications	0	-2,106	0	0	0	-2,106
Depreciation at 31 December 2018	**45,526**	**155,970**	**28,989**	**15,650**	**0**	**246,135**
Carrying amount at 31 December 2018	**57,158**	**57,058**	**22,622**	**20,548**	**598**	**157,984**
Hereof financial leasing	**27,449**	**695**				
Cost at 1 January 2017	**103,023**	**221,669**	**40,302**	**35,312**	**2,825**	**403,131**
Exchange rate adjustments	-2,523	-11,332	-2,585	0	-8	-16,448
Additions	1,438	12,321	11,060	44	553	25,416
Disposals	0	-12,413	-2,006	0	0	-14,419
Reclassifications	0	-1,691	911	0	-2,824	-3,604
Total cost at 31 December 2017	**101,938**	**208,554**	**47,682**	**35,356**	**546**	**394,076**
Depreciation at 1 January 2017	**33,214**	**144,024**	**20,908**	**11,237**	**0**	**209,383**
Exchange rate adjustments	-991	-7,055	-1,550	0	0	-9,596
Depreciation for the year	6,374	24,363	5,077	2,240	0	38,054
Reversal regarding disposals	0	-11,076	-1,750	0	0	-12,826
Reclassifications	0	-3,604	0	0	0	-3,604
Total depreciation at 31 December 2017	**38,597**	**146,652**	**22,685**	**13,477**	**0**	**221,411**
Carrying amount at 31 December 2017	**63,341**	**61,902**	**24,997**	**21,879**	**546**	**172,665**
Hereof financial leasing	**28,366**	**919**				

11 Impairment test

Goodwill

Besides goodwill there are no intangible assets with indefinite useful lives. Based on management view of the Group, only one CGU is identified covering the entire Wrist Ship Supply Group. At 31 December 2018, the consolidated goodwill is booked at DKK 1,304m (2017: 1,165m), which is allocated to the CGU of Wrist Ship Supply Group. Wrist Ship Supply Holding Group performed impairment test of the carrying amount of goodwill at 31 December 2018 based on value in use. Impairment testing is performed in fourth quarter each year, based on the budgets or business plans approved by the Board of Directors.

The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of the expected future free cash flow, with the carrying amount of the individual cash-generating units. The expected future free cash flow is based on budgets and projections for subsequent years. Key parameters include net sales, gross profit margin, EBIT margin and future capital expenditure, and general growth expectations for the years after 2022.

Budgets and projections for the 2019-2022 period are based on business plans and external market surveys, assessing risks associated with key parameters and incorporating these in expected future free cash flows. The value for the period after 2022 takes in account the general growth expectations of the ship supply and offshore industries.

Growth rates are not expected to exceed the average long-term growth rate in the Group's market for supplying provisions to the global ship fleet, so a growth rate of 1% is used in the terminal period.

The discount rates used to calculate the recoverable amounts are after tax, and reflect the risk-free interest plus specific risks associated with the individual geographic segments. The discount rates used for Wrist Ship Supply Group is 8.4% and 8.9% before tax (2017: 8.4% and 8.9% before tax).

Key assumptions from the impairment testing of goodwill are as follows:

	Increase in EBIT from 2018 until terminal period	Increase of Net Working Capital from 2018 until terminal period
2018		
Wrist Ship Supply Group	9%	9%
2017		
Wrist Ship Supply Group	9%	9%

The impairment test performed at 31 December 2018 for Wrist Ship Supply Group indicates significantly higher capital values of the assets compared to the carrying amounts, and the impairment tests are therefore not sensitive to changes in the significant conditions and factor.

12 Subsidiaries

Company name	Registered office in	City	Ownership share %
Wrist Ship Supply Holding A/S	Denmark	Noerresundby	90.30
Wrist Ship Supply A/S	Denmark	Noerresundby	100
Wrist Far East (Singapore) Pte. Ltd.	Singapore	Singapore	100
Wrist Far East (Malaysia) SDN BHD	Malaysia	Jahor Bahru	100
Wrist Middle East (U.A.E.) LLC	Dubai, U.A.E.	Dubai	49 *
H.S. Hansen A/S	Denmark	Noerresundby	100
Danish Supply Corporation A/S	Denmark	Esbjerg	100
Saga Shipping A/S	Denmark	Skagen	100
Aalborg Trosseføring ApS	Denmark	Skagen	100
Gasværksvej Aalborg A/S	Denmark	Noerresundby	100
Skagen Lodseri A/S	Denmark	Skagen	100
SkawPilot ApS	Denmark	Skagen	49
Wrist Africa Tanger SARL	Marocco	Tanger	100
J.A. Arocha S.L.	Spain	Las Palmas	100
Wrist Ship Supply Spain S.L.	Spain	Algeciras	100
Wrist Europe (Gibraltar) Ltd.	Gibraltar	Gibraltar	100
Wrist Europe (Marseille) SAS	France	Marseille	100
Wrist Europe (Norway) AS	Norway	Haugesund	100
Wrist-Kooyman Ship Supply B.V.	Netherlands	Rotterdam	100
Wrist Holding UK Ltd.	United Kingdom	London	100
Strachans Ltd.	United Kingdom	Peterhead	100
Wrist North America Inc.	USA	Pasadena	100
Marwest dba West Coast LLC	USA	Oakland	100
East Coast Ship Supply LLC	USA	New Jersey	100
Wrist USA (Houston) Inc	USA	Pasadena	100
World Delivery Enterprises LLC	USA	Pasadena	100
Karlo Corporation Supply & Services	Canada	Montreal	100
Wrist Hong Kong Trading Company Ltd.	Hong Kong	Hong Kong	100
Wrist Shenzhen Trading Company Ltd.	China	Shenzhen	100
North Sea Stores Ltd.	United Kingdom	Aberdeen	100
Den Helder Stores B.V.	Netherlands	Den Helder	100
Wrist Holding NL B.V.	Netherlands	Rotterdam	100
Klevenberg Shipping Center B.V.	Netherlands	Rotterdam	100
C. Maat Transport B.V.	Netherlands	Rotterdam	100
Kubo Supply and Trading N.V.	Belgium	Antwerpen	100

* Wrist Middle East (UAE) LLC is controlled by Wrist Ship Supply A/S according to shareholders agreement.

12 Subsidiaries continuing

Company name	Registered office in	City	Ownership share %
Klevenberg USA B.V.	Netherlands	Rotterdam	100
Klevenberg USA Inc.	USA	Pasadena	100
Klevenberg USA Holding Inc.	USA	Pasadena	100
Wrist Ship Supply Germany GmbH	Germany	Hamburg	100
Garrets Holding Limited	United Kingdom	Romford	100
Garrets Bidco 2 Limited	United Kingdom	Romford	100
Garrets Bidco Limited	United Kingdom	Romford	100
Garrets International Limited	United Kingdom	Romford	100
Garrets International Singapore Pte. Limited	United Kingdom	Romford	100

13 Acquisition of companies

On 1 April 2018 the parent entity acquired 100% of the issued share capital of Klevenberg Shipping Center B.V. The acquisition has significantly increased the group's market share in the ARA Region and complements the group's existing business area Ship Supply.

Geographically located in Rotterdam, one of the largest ports in the world, Klevenberg Shipping Center has a broad value proposition within ship supply, spareparts, logistics and warehousing. The year on year proven high service level towards the customers, has been the key signature in the market, and where the 'one-stop' shopping set-up make the customers return time and time again. The Acquisition was motivated by the objective of bringing Wrist into the leading position in the ARA region and furthermore, the business combination will leverage from local cost synergies and the Wrist sourcing platform.

The acquisition price for 100% of the shares was DKK 198m. Acquisition related costs amounts to DKK 2.7m and included in administrative expenses in profit and loss and in the cash flows in the statment of cash flows.

The acquired business contributed net sales of DKK 202m and EBT of DKK 5m to the group for the period from 3 August to 31 December 2018. If the acquisition had occurred on 1 January 2018, consolidated pro-forma net sales and EBT for the year ended 31 December 2018 would have been DKK 557m and DKK 10m respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.

13 Acquisition of companies continuing

The assets and liabilities recognised as a result of the acquisition are as follows:

Non-current assets	
Customer relations	40,217
Fixtures and Equipment	7,195
Current assets	
Inventories	15,107
Account receivable	107,756
Provisons for impairment of trade receivables	-2
Other current receivables	15,447
Cash and cash equivalents	1,646
Non-current and current liabilities	
Provisions	-2,336
Deferred tax	-10,054
Loans	-1,196
Accounts payable	-87,076
Other debt	-8,754
Acquired net assets	**77,950**
Goodwill	120,094
Consideration paid in cash	**198,044**
Cash and cash equivalents acquired	-1,646
Cash flow from acquisition of enterprises	**196,398**

14 Deferred tax assets and deferred tax liabilities

2018 DKK'000	Deferred tax, intangible assets	Deferred tax, tangible assets	Deferred tax, financial non-current assets	Deferred tax, current assets	Deferred tax, provisions	Deferred tax, taxable losses prior years	Deferred tax, long term liabilities	Deferred tax, short term liabilities	Total deferred tax
Deferred tax begining of year	**16,923**	**563**	**0**	**-6,726**	**-3,832**	**-884**	**-7,924**	**-362**	**-2,242**
Charge to the income statement	1,317	300	-2,446	-424	-36	0	170	-162	-1,281
Other comprehensive income	16	0	0	0	0	0	0	0	16
Change from acqusition	9,232	0	0	0	0	0	0	0	9,232
Adjustments to previous years (through the income statement)	0	-93	0	0	0	-1,125	0	0	-1,218
Exchange rate adjustments	308	1	-728	-203	1	28	375	17	-201
Other adjustments	0	-216	1,804	0	0	0	0	0	1,588
Deferred tax end of year	**27,796**	**555**	**-1,370**	**-7,353**	**-3,867**	**-1,981**	**-7,379**	**-507**	**5,894**

Deferred tax is presented in the balance sheet as follows:

Deferred tax asset	18,360
Deferred tax liability	24,254
Deferred tax asset year end net	-5,894

The Group expects to utilize the deferred tax assets as the Group entities generally have a positive taxable income.

2017 DKK'000	Deferred tax, intangible assets	Deferred tax, tangible assets	Deferred tax, financial non-current assets	Deferred tax, current assets	Deferred tax, provisions	Deferred tax, taxable losses prior years	Deferred tax, long term liabilities	Deferred tax, short term liabilities	Total deferred tax
Deferred tax begining of year	**16,735**	**1,214**	**-523**	**-19,581**	**-7,546**	**-1,496**	**12,598**	**8**	**1,409**
Charge to the income statement	1,192	-98	-6,799	-6,941	6,506	-365	1,316	265	-4,924
Change in tax rate	0	0	6,777	2,153	0	0	-3,893	-174	4,863
Adjustments to previous years (through the income statement)	102	-482	-3,002	-429	0	20	70	255	-3,466
Exchange rate adjustments	-1,106	-71	1,788	191	805	-287	-1,436	-8	-124
Other adjustments	0	0	1,759	17,881	-3,597	1,244	-16,579	-708	0
Deferred tax end of year	**16,923**	**563**	**0**	**-6,726**	**-3,832**	**-884**	**-7,924**	**-362**	**-2,242**

Deferred tax is presented in the balance sheet as follows:

Deferred tax asset	17,041
Deferred tax liability	14,799
Deferred tax asset year end net	2,242

The Group expects to utilize the deferred tax assets as the Group entities generally have a positive taxable income.

	2018 DKK'000	2017 DKK'000
15 Trade receivables		
Trade receivables	724,807	603,112
Contract assets	82,275	65,044
Provisions for impairment of trade receivables	-19,623	-16,394
	787,459	**651,762**
Impairment losses at 1 January	-16,394	-18,420
Exchange rate adjustments	-2,317	41
Impairment losses in the year	-3,394	-600
Realised in the year	2,482	2,585
Impairment losses at 31 December	**-19,623**	**-16,394**

The expected credit losses in income statement amount to DKK 5,876 (2017: DKK 3,185)

	31 December 2018 DKK'000	31 December 2017 DKK'000	1 January 2017 DKK'000
Contract assets			
Provision and stores management	82,275	65,044	46,915
Revenue recognised in the period from performance obligations satisfied in previous periods	65,044	46,915	

There is no impairment losses in the year.

15 Trade receivables continuing

DKK'000	Total	Not past due	Past due at 31 December 2018 < 30 days	30-60 days	61–90 days	> 91 days
Trade receivables	806,993	411,200	149,351	91,667	57,953	96,822
Expected credit loss rate (%)		0.50	0.50	1.50	1.75	15.00
Estimated total gross carrying amount at default	19,623	1,964	747	1,375	1,014	14,523

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Overdue trade receivables not written down are broken down as follows:

	2017 DKK'000
Overdue 1-30 days	134,149
Overdue 31-60 days	48,261
Overdue 61-90 days	25,910
Over 90 days	44,014
	252,334

16 Provisions

DKK'000	Provisions for pension and pension like liabilities	Provisions for restoration liabilities	Provisions for dismantling liabilities	Provision for onerous contracts	Provisions for others	Total provisions
Provisions at 1 January 2018	**1,097**	**6,991**	**3,667**	**0**	**0**	**11,755**
Additions from acquistions	0	0	0	2,336	0	**2,336**
Increase	117	220	0	0	44	**381**
Discounting interests	0	162	77	0	0	**239**
Decrease	-198	-115	-104	-185	0	**-602**
Exchange rate adjustments	2	89	33	-13	0	**111**
Provisions at 31 December 2018	**1,018**	**7,347**	**3,673**	**2,138**	**44**	**14,220**
Non-current provisions	**1,018**	**6,870**	**2,902**	**1,897**	**0**	**12,687**
Current provisions	**0**	**477**	**771**	**241**	**44**	**1,533**
Provisions at 1 January 2017	**1,260**	**4,532**	**3,623**	**0**	**0**	**9,415**
Increase	36	2,455	196	0	0	**2,687**
Discounting interests	0	197	82	0	0	**279**
Decrease	-198	0	0	0	0	**-198**
Exchange rate adjustments	-1	-193	-234	0	0	**-428**
Provisions at 31 December 2017	**1,097**	**6,991**	**3,667**	**0**	**0**	**11,755**
Non-current provisions	**1,097**	**6,912**	**3,647**	**0**	**0**	**11,656**
Current provisions	**0**	**79**	**20**	**0**	**0**	**99**

Provisions for restoration liabilities are where the Group has an obligation to restore rented facilities upon vacating such facilities.

Provisions for dismantling liabilities are where the Group is obligated to dismantle assets placed in rented facilities.

Provisions for pension and pension-like liabilities are where the Group is obligated to pay anniversary bonuses etc.

17 Total non-current liabilities

2018	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstanding after 5 years DKK'000
Debt to mortgage credit institutions	159	1,043	1,274
Leasing debt	1,230	26,685	0
Debt to credit institutions	147,819	539,136	0
Other debt	0	0	0
	149,208	**566,864**	**1,274**

2017	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstanding after 5 years DKK'000
Debt to mortgage credit institutions	160	1,045	1,532
Leasing debt	1,378	28,320	0
Debt to credit institutions	112,965	703,712	0
Other debt	958	0	0
	115,461	**733,077**	**1,532**

	2018 DKK'000	2017 DKK'000
18 Other payables		
Social security and other related expenses	54,898	41,827
Customer bonuses	63,763	51,350
Commissions	13,155	11,914
VAT	1,006	3,943
Financial instruments - market value	127	633
Other accrued expenses	41,739	35,470
	174,688	**145,137**

	2018 DKK'000	2017 DKK'000

19 Change in working capital

	2018	2017
Increase/decrease in inventories	12,243	-10,785
Increase/decrease in receivables	34,443	35,782
Increase/decrease in trade payables etc.	51,912	-94,011
	98,598	**-69,014**

20 Adjustments for non-cash items

	2018	2017
Financial income and expenses	59,438	55,684
Gains/losses from sale of non-current assets	-1,986	331
Change in provisions	1,129	3,347
Other adjustments	106	0
	58,687	**59,362**

21 Reconciliation of liabilities arising from financing activities

DKK'000	Long-term borrowings	Short-term borrowings	Lease liabilities	Preference shares (liabilities)	Total liabilities from financing activities
1 January 2018	**706,289**	**114,083**	**29,698**	**128,869**	**978,939**
Cash flows	0	-157,245	-3,013	104,932	**-55,326**
Foreign exchange movement	22,177	5,357	0	0	**27,534**
Accrued loan and interest expenses	0	0	0	20,466	**20,466**
Proceeds from borrowings Group enterp	198,782	0	0	0	**198,782**
Conversion of debt to equity	-198,782	0	0	0	**-198,782**
Other changes	-187,013	187,013	0	0	**0**
31 December 2018	**541,453**	**149,208**	**26,685**	**254,267**	**971,613**
1 January 2017	**742,109**	**108,689**	**31,924**	**0**	**882,722**
Cash flows	19,868	-8,948	-2,226	121,475	130,169
Foreign exchange movement	-36,122	-5,224	0	0	-41,346
Accrued loan and interest expenses	0	0	0	7,394	7,394
Other changes	-19,566	19,566	0	0	0
31 December 2017	**706,289**	**114,083**	**29,698**	**128,869**	**978,939**

22 Mortgages and collateral

Land and buildings have been used to secure mortgage loans totalling DKK 2,476k. The book value is DKK 5,414k as at 31 December 2018.

As security for the Group's credit facilities, W.S.S. Holding A/S has issued floating-charge and share pledge securities to Nordea for all material companies in the Group.

Joint taxation arrangement

The Company participates in a mandatory Danish joint taxation arrangement with Wrist Adm A/S serving as the administration company. The joint taxation arrangement is according to normal Danish tax legislation and has included the Danish entities of OW Bunker Group due to common ultimate ownership. Due to the joint taxation, the Company has under Danish tax legislation from 1 July 2012 partial joint and secondary liability for obligations, if any, relating to withholding of tax on interest, royalties and dividend for the jointly taxed companies. However, secondary liability cannot exceed an amount equaling the share of capital of the Company, which is owned directly or indirectly by the ultimate parent. The circle of jointly taxed companies has changed during 2014 due to changes in ownership of the OW Bunker Group when this was listed on NASDAQ OMX Copenhagen on 28 March 2014 and the subsequent bankruptcy of individual companies in OW Bunker Group at the end of 2014. This event have affected the partial joint and secondary liabilities in line with Danish tax legislation.

The Company has entered into an idenmnification agreement for the benefit of its Danish subsidiaries pursuant to which the Company ultimately shall indemnify the underlying Danish subsidiaries for tax claims related to the OW Bunker Group for which the underlying Danish subsidiaries may have joint liability as described above. Income taxes relating to the income year 2013 for the previously jointly taxed sister company OW Bunker A/S in bankruptcy have been settled during 2017. At the time of financial reporting, no claim has been made against the Company or underlying subsidiaries which also participate in the joint taxation arrangement.

23 Lease commitments

Financial lease commitments

2018	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstanding after 5 years DKK'000
Minimum lease payments	3,550	26,775	0
Present value of minimum lease payments	3,283	22,409	0

The Group is obligated to purchase Gasværksvej 46-48, Denmark in 2020 for DKK 25m.

Tenants have rental commitments vis-à-vis Wrist Ship Supply A/S in period of notice DKK 2,499k.

The rental income for the year is DKK 3,600k which is included in Other external expenses.

2017	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstanding after 5 years DKK'000
Minimum lease payments	3,550	30,324	0
Present value of minimum lease payments	3,283	25,446	0

The Group is obligated to purchase Gasværksvej 46-48, Denmark in 2020 for DKK 25m.

Tenants have rental commitments vis-à-vis Wrist Ship Supply A/S in period of notice DKK 5,208k.

The rental income for the year is DKK 3,605k which is included in Other external expenses.

23 Lease commitments

Operational leasing commitments

Operating leases related to leases of building and equipment with lease terms between 5 and 10 years. The Group does not have an option to purchase the leased building or equipment at the end of the lease terms.

2018	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstanding after 5 years DKK'000
Minimum lease payments	97,657	222,157	63,259
Present value of minimum lease payments	91,115	174,810	40,331

Tenants have rental commitments vis-à-vis Wrist Ship Supply A/S in period of notice DKK 1,857k.

The rental income for the year is DKK 3,485k which is included in Other external expenses.

Minimum lease payments in the profit for the year is DKK 55,600k.

2017	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstanding after 5 years DKK'000
Minimum lease payments	50,743	155,764	68,538
Present value of minimum lease payments	47,343	122,567	43,697

Tenants have rental commitments vis-à-vis Wrist Ship Supply A/S in period of notice DKK 4,634k.

The rental income for the year is DKK 3,441k which is included in Other external expenses.

Minimum lease payments in the profit for the year is DKK 53,504k.

24 Related parties and group relations

Related parties of the company are O.W. Lux SARL and their subsidiaries.

Altor Fund II GP Limited, Jersey controls O.W. Lux SARL.

Transactions with O.W. Lux SARL.

	2018 DKK'000	2017 DKK'000
Financial items, net	1,713	1,055
Financial payables	39,783	38,070

All transactions were made on terms equivalent to arm's length principles.

25 Financial risks and financial instruments

Categories of financial instruments

All financial assets and financial liabilities in Wrist are measured at amortised cost except derivatives used for hedging purposes, which are measured at fair value through profit or loss. Derivatives are included in Other receivables with carrying amounts of DKK 487k (2017: DKK 2,326k) and in Other payables with carrying amounts of DKK 175k (2017: DKK 629k).

Financial risk management

Financial risk factors refer to fluctuations in the Group's results, cash flows and financial position due to changes in financial exposure. The overall objective of risk monitoring and control is to provide cost-effective financing and to minimise potential adverse impacts from market fluctuations.

Exchange rate risk

The Group's business activities are predominantly based in USD, GBP, SGD and EUR, and many credit facilities are denominated in DKK, USD and GBP (currencies listed according to the size of aggregated amounts). In order to reduce the exchange rate risk, the Group aims to match costs and revenues, as well as assets and liabilities, through representation in the countries in which the Group operates, and transacting in the functional currencies of the various business units. Therefore, most of the business has no or very limited transaction-related exchange rate exposure. Significant investments in foreign entities are financed in the investment currency. Consequently, material currency exposure for the Group is limited to translation risks related to foreign subsidiaries, and the loans taken out to finance these investments.

25 Financial risks and financial instruments continuing

The Group is mainly exposed to the currencies USD and GBP.

The following table details the Group's sensitivity to a 10% increase in USD and GBP. The sensitivity analysis includes investments in relevant subsidiaries and external debt, where the debt is denominated in the relevant currency. A positive number indicates an increase in profit/(loss) or equity where the currency strengthens 10% against DKK at the balance sheet date. A 10% weakening of the currency would have a comparable but opposite impact on profit/(loss) and equity.

	USD impact		**GBP impact**	
	2018	**2017**	**2018**	**2017**
	DKK'000	**DKK'000**	**DKK'000**	**DKK'000**
Impact on profit/(loss) from translation of debt	24,929	-6,005	2,796	1,620
Impact on equity from translation of debt and investments in subsidiaries	31,387	891	21,850	39,266

Interest rate risk

The interest rates of credit facilities are variable. Wrist uses derivative contracts to hedge the interest rate risk in accordance with the Risk Management Strategy approved by the Board of Directors, according to which 50-75% of interest risks related to variable interest bearing financial assets and liabilities must be hedged for a period of 12-36 months. Under the interest rate derivative contracts, the Group agrees to exchange the difference between fixed and floating-rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable-rate debt.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, Wrist performs a qualitative assessment of hedge effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and Wrist's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

Interest swap contract assets and liabilities are included in the "Other receivables" and "Other payables" line items in the consolidated statement of financial position respectively.

25 Financial risks and financial instruments continuing

Derivative financial instruments hedging future cash flow

Currency and DKK	Currency	DKK'000	2018 Book value	2017 Book value
Loan DKK, expiring March 2019	100,000	100,000	-127	-633
Loan USD, expiring March 2019	5,378	35,071	154	602
Loan DKK, expiring March 2019	113,333	113,333	-143	-717
Loan GBP, expiring March 2019	1,051	8,775	3	-29
Loan GBP, expiring March 2019	4,000	33,391	8	-65
Loan USD, expiring March 2019	15,961	104,090	466	1,179
		394,660	**361**	**337**

Hedging instruments

	Average contracted fixed interest rate		Notional principal value		Fair value assets (liabilities)	
	2018	2017	2018	2017	2018	2017
	%	%	DKK'000	DKK'000	DKK'000	DKK'000
Less than 1 year	0.67	0.67	394,660	0	361	0
1 to 5 years	0	0.67	0	433,576	0	337
After 5 years	0	0	0	0	0	0
			394,660	**433,576**	**361**	**337**

Hedging instruments Foreign currencies

	Notional principal value		Fair value assets (liabilities)	
	2018	2017	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000
Less than 1 year	320,137	0	-48	0
1 to 5 years	0	0	0	0
After 5 years	0	0	0	0
	320,137	**0**	**-48**	**0**

25 Financial risks and financial instruments continuing

Hedging items	Balance in cash flow hedge reserve for continuing hedges		Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied	
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
Foreign currency	-48	0	0	0
Variable rate borrowings	361	337	0	0
	313	**337**	**0**	**0**

Fair value adjustments on hedging instruments recognised in other comprehensive income in 2018 amounts to DKK -1k (2017: DKK 834k).

Interest rate sensitivity analysis:
If interest rates had been 100 basis points higher and all other variables constant, the Group's profit for the year ended 31 December 2018 would decrease by DKK 4.9m (2017: decrease by DKK 6.0m) due to the Group's exposure to interest rates on variable-rate borrowings, partly offset by a change in the fair value of interest rate derivative contracts.

The sensitivity analysis was based on the Group's exposure to floating-rate liabilities and derivatives at the end of the reporting period. For floating-rate liabilities, the analysis is based on the assumption that the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

Liquidity risk
The Group has entered into a long-term committed financing agreement with credit facilities enabling both the current operations and planned expansion. Treasury management is centralised and ensures that sufficient financial resources are available to meet planned requirements. This is done by ensuring that the cash flow on a monthly basis matches the planned cash needs. The entities in the Wrist Ship Supply Holding A/S Group have a positive cash flow on a monthly basis. The Group is in a sound financial position with significant positive cash flows from operating activities and adequate cash reserves.

25 Financial risks and financial instruments continuing

Credit risk

Credit risk mainly relates to trade debtors, other receivables and cash at banks. The aggregate amounts recognised under these items in the balance sheet constitute the maximum credit risk. Receivables relate to shipping, ship management and catering companies. Credit risk associated with the shipping industry is handled by the global credit function, which monitors the creditworthiness of existing and new customers and assists in collection. Wrist conducts individual assessments of customer creditworthiness, and credit lines are managed globally. Cash is held with banks with high credit ratings.

Fair value measurements

W.S.S. Holding Group measures financial instruments hedging future cash flow at fair value level 2.

Wrist does not have any assets or liabilities measured at fair value other than interest rate derivative contracts entered into to hedge future cash flows of floating-rate financing. Interest rate derivative contracts are measured at fair value based on discounted cash flows based on observable input (level 2). Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

The management is of the opinion that the carrying amounts of all other financial assets and liabilities recognised in the consolidated financial statements approximate their fair values.

Capital structure

The Group's management assesses whether the Group's capital structure is in line with the interests of the Group and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. As of 31 December 2018, the Group's interest-bearing debt net comprise DKK 908m (2017: DKK 788m), which is considered a reasonable level compared to the current need for financial flexibility. There are no changes in the Group's guidelines and procedures for managing capital structure in 2018.

26 Preference shares

DKK'000	2018 DKK'000	2017 DKK'000
Preference shares at 1 January	**128,869**	**0**
Additions on preference shares	104,932	121,475
Loan and interest expenses preference shares	20,466	7,394
Preference shares at 31 December	**254,267**	**128,869**

In 2018 Wrist Ship Supply Holding A/S issued Class A1 preference shares for the amount of DKK 105m.

Upon the preference right of the Class A1 shares having been satisfied, each Class A2 preference share, which have a par value of DKK 1,000, carry a preference right to distribution of proceeds to shareholders in an aggregate amount equal to the higher of the initial investment amount paid for the Class A2 preference shares with the addition of an accumulating compounding return 11% annually from the date of the initial issuance of the Class A2 preference shares, or 2.45% of the equity value of the entity on the date of payment of the proceeds.

None of the Class A1 or Class A2 preference shares carry any voting rights or right of representation at the annual general meeting.

The entity may issue, and the investors in preference shares have undertaken to subscribe for additionally 40 Class A1 preference share with a par value of DKK 1,000 provided that the entity's written demand for such additional subscription is received by the investors no later than 30 June 2019.

Upon the economical preference rights of Class A1 and Class A2 preference shares having been satisfied, any additional proceeds from the entity shall be distributed solely and unrestricted to the Class B shares (Ordinary shares).

See note 1.2 "Critical accounting judgements and key sources for uncertainty" for explanation of the accounting treatment of the preference shares.

27 Events after the reporting period

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

28 Accounting policies

The 2018 annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the financial statements of class C enterprises, cf. the Danish Executive Order on IFRS (IFRS-bekendtgørelsen) issued in accordance with the Danish Financial Statements Act.

Accounting policies are as described below.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of W.S.S. Holding A/S (the parent company) and entities controlled by W.S.S. Holding A/S and its subsidiaries. Control is achieved when the parent company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of W.S.S. Holding A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature. All financial statements used for consolidation are presented in accordance with the accounting policies of the Group.

On consolidation, intercompany income and expenses, intercompany accounts and dividends as well as gains and losses on transactions between the consolidated entities are eliminated.

The items in the financial statements of the subsidiaries are recognised in full in the consolidated financial statements.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit/(loss) as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit/(loss) as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The measurement basis is decided on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment of goodwill is recognised directly in profit/(loss). An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit/(loss) on disposal.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into DKK using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of foreign operations (i.e. disposal of the Group's entire interest in foreign operations or disposal involving loss of control over a subsidiary that includes foreign operations, all of the exchange differences accumulated in equity in respect of such operations attributable to the owners of the parent company are reclassified to profit/(loss).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of foreign operations are treated as assets and liabilities of such foreign operations and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit/(loss), except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Income statement and statement of comprehensive income

Revenue recognition

Revenue from sale of goods is recognised when control of the goods has transferred to the customer, being when the goods are delivered to the customer. Delivery typically occurs when goods are placed along-side the customer's ship.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods through Wrist's "Provision Management Service" results in a situation, where part of the goods delivered is not consumed by nor invoiced to the customer.

Due to certain uncertainties related to the actual amount of consideration to be received for such goods, until the goods are consumed by the customer, revenues related to these goods are recognised at amount that equals cost. When the goods are consumed by the customers, any additional considerations are recognised as revenue. The corresponding amount in the balance sheet is presented as a contract asset as part of the trade receivables.

Cost of sales

Cost of sales includes expenses incurred to purchase goods, adjusted for changes in inventories of goods for resale.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Employee benefits

Retirement benefit costs and termination benefits

Payments to defined-contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Wrist Ship Supply Group does not have any material defined-benefit plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits mainly consist of jubilee obligations, and are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature viewed in relation to the Group's primary activities, including gains (losses) from the sale of tangible and intangible non-current assets.

Balance Sheet

Intangible assets

Software is recognised initially at cost including the directly attributable cost of preparing the software for its intended use. Software is amortised on a straight-line basis over the estimated useful life (3-5 years).

Internally generated assets arising from development are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources necessary to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The cost of internally generated assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above, and comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Other intangible assets

Customer relations acquired separately in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Sites and buildings, leasehold improvements as well as other facilities, equipment and fixtures are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the acquisition price, costs directly related to the acquisition and the costs of preparing the asset up until such time as the asset is ready for use. Land is not depreciated.

If the acquisition or use of the asset requires the Group to incur costs for dismantling or restoration of the asset, the estimated costs of such measures are recognised as a provision and a part of the cost of the asset concerned, respectively.

The basis of depreciation is the cost of the asset less its residual value. The residual value is the expected amount that could be obtained if the asset were sold today less selling costs if the asset already had the age and was in the condition that the asset is expected to be in at the end of its useful life. The cost of a combined asset is split into smaller parts which are depreciated separately if the useful lives differ.

Depreciation is recognised so as to write off the cost or valuation of assets (other than land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The depreciation periods are as follows:

- Buildings, 20-40 years
- Fixtures and fittings, tools and equipment, 3-6 years
- Leasehold improvements, 3-7 years or the lease term if shorter
- Ships, 15-20 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain/(loss) arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit/(loss).

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Receivables

Receivables comprise trade receivables, contract assets, receivables from group enterprises and other receivables.

On initial recognition, receivables other than trade receivables are measured at fair value less transaction costs and subsequently at amortised cost, which usually corresponds to the nominal value less write-down for bad debts.

Trade receivables are initially recognised at their transaction price, being the amount to which the Group is expected to be entitled.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All financial assets, except derivatives that are assets, are classified at amortised cost, as they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

Financial assets are assessed for indications of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Wrist Ship Supply Group has historically not experienced material losses related to receivables.
The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit/(loss).
For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be attributed objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit/(loss) to the extent that the carrying amount of the investment.

An allowance for expected credit losses is recognised on initial recognition of all financial assets measured at amortised costs, and remeasured at each reporting date.

For trade receivables and contract assets expected credit losses are measured as lifetime expected credit losses.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. For trade receivables and contract assets that are considered credit impaired, the expected credit loss is determined individually.

Trade receivables and contract assets are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

Loss allowance is calculated using a provision matrix that incorporates an ageing factor, geographical risk and specific customer knowledge. The provision matrix is based on historical credit losses incurred within relevant time-bands of days past due adjusted for a forward looking element. The forward looking element include consideration of country credit ratings, based on information from external rating agencies, and management's expectations related to future development in the market in question and economics in general if relevant.

Other financial assets relate to receivable from group enterprises for which expected credit losses are measured at 12 months expected credit losses unless there has been a significant increase in the credit risk since initial recognition. No such increase in credit risk has been experienced, at expected credit losses related to receivables from group enterprises.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the parent company's own equity instruments is recognised and deducted directly in equity. No gain/ (loss) is recognised in profit/(loss) on the purchase, sale, issue or cancellation of the parent company's own equity instruments.

Financial liabilities

Financial liabilities in Wrist Supply Group are all classified as "other financial liabilities" measured at amortised cost except for liabilities related to derivatives entered into to hedge future cash flows, which are classified as liabilities at fair value through profit/ (loss).

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate risks. Further details of derivative financial instruments are disclosed in note 25.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain/(loss) is recognised in profit/(loss) immediately unless the derivative is designated and effective as a hedging instrument, in which event the gain/(loss) is recognised in other comprehensive income and accumulated in the cash flow hedging reserve in equity.

Segment information

The Group is not listed or in the process of becoming listed, and no segment information is disclosed according to IFRS.

In note 2, revenue is split between Europe and the rest of the world as well as into the sale of goods and services. This information is not segment information in accordance with IFRS.

PARENT

INCOME STATEMENTS

	Note	2018 DKK'000	2017 DKK'000
Other external expenses	1	-128	-268
Other operating expenses		0	-18,100
Operating profit before interest and tax (EBIT)		**-128**	**-18,368**
Profit from investments in subsidiaries	2	57,277	69,907
Financial expenses	3	-27,519	-13,508
Profit before tax (EBT)		**29,630**	**38,031**
Income tax	4	1,641	1,654
Net profit for the year		**31,271**	**39,685**
Proposed distribution of profit or loss			
Reserve for net revaluation under the equity method		68,148	28,752
Retained earnings		-36,877	10,933
		31,271	39,685

PARENT

STATEMENTS OF COMPREHENSIVE INCOME

	Note	2018 DKK'000	2017 DKK'000
Net profit for the year		31,271	39,685
Other comprehensive income			
Items that can be reclassified to the income statement when certain conditions are met:			
Exchange differences, foreign entities		10,870	-34,833
Fair value adjustment for the year relating to hedging instruments in subsidiaries		-1	743
Tax relating to hedging instruments in subsidiaries		0	-164
Total comprehensive income		42,140	5,431

PARENT

CASH FLOW STATEMENT

	Note	2018 DKK'000	2017 DKK'000
Profit before tax (EBT)		29,630	38,031
Amortisation and depreciation		0	0
Working capital changes	8	-85	-30
Adjustments for non-cash items	9	-50,311	-59,435
Cash flow from ordinary operating activities		**-20,766**	**-21,435**
Financial expenses		-3,099	-1,682
Income taxes refunded/paid		927	591
Cash flow from operating activities (CFFO)		**-22,938**	**-22,526**
Loans raised		20,731	25,735
Cash flows from financing activities	10	**20,731**	**25,735**
Cash flow for the year		**-2,207**	**3,209**
Cash and cash equivalents at 1 January		3,331	122
Cash and cash equivalents at 31 December		**1,124**	**3,331**

PARENT

BALANCE SHEETS, ASSETS

	Note	2018 DKK'000	2017 DKK'000
Investments in subsidiaries	5	1,193,885	1,020,806
Deferred tax assets	6	1,575	838
Other non-current assets		**1,195,460**	**1,021,644**
Total non-current assets		**1,195,460**	**1,021,644**
Receivables from group enterprises		341	341
Income tax receivable		1,273	1,296
Other receivables		2,793	4,187
Receivables		**4,407**	**5,824**
Cash and cash equivalents		**1,124**	**3,331**
Total current assets		**5,531**	**9,155**
Total assets		**1,200,991**	**1,030,799**

PARENT

BALANCE SHEET, EQUITY AND LIABILITIES

Balance sheet, equity and liabilities

	Note	2018 DKK'000	2017 DKK'000
Share capital		7,042	7,042
Foreign currency translation reserve		-21,032	-31,902
Reserve for net revaluation under the equity method		97,478	29,331
Retained earnings		785,337	822,214
Shareholders' equity		**868,825**	**826,685**
Debt to preference shares holders	14	254,267	128,869
Total non-current liabilities		**254,267**	**128,869**
Debt to group enterprises		77,182	74,444
Other payables	7	717	801
Total current liabilities		**77,899**	**75,245**
Total liabilities		**332,166**	**204,114**
Total equity and liabilities		**1,200,991**	**1,030,799**

PARENT

STATEMENTS OF SHAREHOLDERS' EQUITY

DKK'000	Share capital	Retained earnings	Foreign currency translation adjustment	Reserve for net revaluation under the equity method	Total
Shareholders' equity at 1 January 2018	**7,042**	**822,214**	**-31,902**	**29,331**	**826,685**
Net profit for the year	0	-36,877	0	68,148	31,271
Other comprehensive income	0	0	10,870	0	10,870
Fair value adjustment for the year relating to hedging instruments	0	0	0	-1	-1
Tax relating to hedging instruments	0	0	0	0	0
Total comprehensive income	**0**	**-36,877**	**10,870**	**68,147**	**42,140**
Shareholders' equity at 31 December 2018	**7,042**	**785,337**	**-21,032**	**97,478**	**868,825**
Shareholders' equity at 1 January 2017	**7,042**	**811,281**	**2,931**	**0**	**821,254**
Net profit for the year	0	10,933	0	28,752	39,685
Other comprehensive income	0	0	-34,833	0	-34,833
Fair value adjustment for the year relating to hedging instruments	0	0	0	743	743
Tax relating to hedging instruments	0	0	0	-164	-164
Total comprehensive income	**0**	**10,933**	**-34,833**	**29,331**	**5,431**
Shareholders' equity at 31 December 2017	**7,042**	**822,214**	**-31,902**	**29,331**	**826,685**

Number of shares is 7,042 with the nominel value of DKK 1,000.

No dividend was declared in 2017 or 2018.

PARENT

NOTES TO THE STATEMENTS

		2018 DKK'000	2017 DKK'000
1	**Fees to auditors appointed at the annual general meeting**		
	Statutory audit	57	33
	Other services	33	216
	Fees to auditors	**90**	**249**
	Other engagement services (other auditors)	0	0
	Other fees	**0**	**0**
		90	**249**
2	**Profit/(loss) from investments in subsidiaries**		
	Share of profit/(loss) in subsidiaries	57,277	70,101
	Gains on deal disposals on interests in subsidiaries	0	-194
		57,277	**69,907**
3	**Financial expenses**		
	Financial expenses from Group enterprises	3,089	1,679
	Interest expenses	9	4
	Loan and interest expenses preference shares	20,466	7,394
	Other financial expenses	3,955	4,431
		27,519	**13,508**

4 Income tax

	2018 DKK'000	2017 DKK'000
Current tax		
Current tax on profit for the year	-1,273	-1,097
Adjustment in respect of prior years	369	0
Total current tax	-904	-1,097
Deferred tax		
Adjustment of deferred tax asset/liability	-567	-307
Adjustment of deferred tax asset/liability in respect of prior years	-170	-250
Total deferred tax	-737	-557
Total income tax	**-1,641**	**-1,654**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profit of the consolidated entities as follows:

Earnings before tax	**29,630**	**38,031**
Income from equity method used towards subsidaries	57,277	69,907
Earnings before tax, Parent company	**-27,647**	**-31,876**
Calculated tax at Danish statutory rate 22.0%	-6,082	-7,013
Adjustment in respect of prior years	199	-250
Income / expenses not subject to tax	4,242	5,609
Tax charge	**-1,641**	**-1,654**

		2018	2017
		DKK'000	DKK'000
5	**Investments in subsidiaries**		
	Cost price at 1 January	**991,475**	**870,000**
	Additions in the year	104,932	121,475
	Cost price at 31 December	**1,096,407**	**991,475**
	Value adjustments at 1 January	**29,331**	**-6,324**
	Currency translation adjustment	10,870	-34,831
	Profit for the year after tax	57,277	70,101
	Revaluations	0	-194
	Other adjustments	0	579
	Value adjustments at 31 December	**97,478**	**29,331**
	Carrying amount at 31 December	**1,193,885**	**1,020,806**

6 Deferred tax assets and deferred tax liabilities

2018 000'DKK	Deferred tax, intangible assets	Deferred tax, tangible assets	Deferred tax, financial non-current assets	Deferred tax, current assets	Deferred tax, provisions	Deferred tax, taxable losses prior years	Total deferred tax
Deferred tax begining of year	**0**	**0**	**0**	**-588**	**0**	**-250**	**-838**
Charge to the income statement	0	0	-567	0	0	0	-567
Adjustments to previous years (through the income statement)	0	0	0	0	0	-170	-170
Deferred tax end of year	**0**	**0**	**-567**	**-588**	**0**	**-420**	**-1,575**

Deferred tax is presented in the balance sheet as follows:

Deferred tax asset	1,575
Deferred tax liability	0
Deferred tax asset year end net	1,575

The Group expects to utilize the deferred tax assets, as entities generel have a positive taxable income.

2017 000'DKK	Deferred tax, intangible assets	Deferred tax, tangible assets	Deferred tax, financial non-current assets	Deferred tax, current assets	Deferred tax, provisions	Deferred tax, taxable losses prior years	Total deferred tax
Deferred tax begining of year	**0**	**0**	**0**	**-281**	**0**	**0**	**-281**
Charge to the income statement	0	0	0	-307	0	0	-307
Adjustments to previous years (through the income statement)	0	0	0	0	0	-250	-250
Deferred tax end of year	**0**	**0**	**0**	**-588**	**0**	**-250**	**-838**

Deferred tax is presented in the balance sheet as follows:

Deferred tax asset	838
Deferred tax liability	0
Deferred tax asset year end net	838

The Group expects to utilize the deferred tax assets, as entities generel have a positive taxable income.

		2018 DKK'000	2017 DKK'000
7	**Other payables**		
	Other accrued expenses	717	801
		717	**801**
8	**Change in working capital**		
	Increase/decrease in trade payables etc.	-85	-30
		-85	**-30**
9	**Adjustments for non-cash items**		
	Financial income and expenses	6,966	10,472
	Profit from investments in subsidiaries	-57,277	-69,907
		-50,311	**-59,435**

In addition, a liability of DKK 105m and a similar increase in investments in subsidiaries was recognised as non-cash transactions, upon the issuance of preference shares in Wrist Ship Supply Holding A/S.

10 Reconciliation of liabilities arising from financing activities

DKK'000	Preference shares (liabilities)	Total liabilities from financing activities
1 January 2018	**128,869**	**128,869**
Non-cash flows	104,932	**104,932**
Accrued loan and interest expenses	20,466	**20,466**
31 December 2018	**254,267**	**254,267**
1 January 2017	**0**	**0**
Non-cash flows	121,475	**121,475**
Accrued loan and interest expenses	7,394	**7,394**
31 December 2017	**128,869**	**128,869**

11 Mortgages and collateral

As security for the Group's credit facilities, W.S.S. Holding A/S has issued floating-charge and share pledge securities to Nordea for all material companies in the Group.

Joint taxation arrangement
The Company participates in a mandatory Danish joint taxation arrangement with Wrist Adm A/S serving as the administration company. The joint taxation arrangement is according to normal Danish tax legislation and has included the Danish entities of OW Bunker Group due to common ultimate ownership. Due to the joint taxation, the Company has under Danish tax legislation from 1 July 2012 partial joint and secondary liability for obligations, if any, relating to withholding of tax on interest, royalties and dividend for the jointly taxed companies. However, secondary liability cannot exceed an amount equaling the share of capital of the Company, which is owned directly or indirectly by the ultimate parent. The circle of jointly taxed companies has changed during 2014 due to changes in ownership of the OW Bunker Group when this was listed on NASDAQ OMX Copenhagen on 28 March 2014 and the subsequent bankruptcy of individual companies in OW Bunker Group at the end of 2014. This event have affected the partial joint and secondary liabilities in line with Danish tax legislation.

The Company has entered into an idenmnification agreement for the benefit of its Danish subsidiaries pursuant to which the Company ultimately shall indemnify the underlying Danish subsidiaries for tax claims related to the OW Bunker Group for which the underlying Danish subsidiaries may have joint liability as described above. Income taxes relating to the income year 2013 for the previously jointly taxed sister company OW Bunker A/S in bankruptcy have been settled during 2017. At the time of financial reporting, no claim has been made against the Company or underlying subsidiaries which also participate in the joint taxation arrangement.

12 Related parties and group relations

Related parties of the company are O.W. Lux SARL and their subsidiaries, as well as all subsidiaries of the Company.

Altor Fund II GP Limited, Jersey controls O.W. Lux SARL.

All transactions were made on terms equivalent to arm's length principles.

13 Ownership

Share capital is owned 98.3 % by O.W. Lux SARL.

14 Debt to preference shares holders

DKK'000	2018 DKK'000	2017 DKK'000
Preference shares at 1 January	**128,869**	**0**
Additions on preference shares	104,932	121,475
Loan and interest expenses preference shares	20,466	7,394
Preference shares at 31 December	**254,267**	**128,869**

In 2018 Wrist Ship Supply Holding A/S issued preference shares for the amount of DKK 105m. See note 25 to the consolidated financial statements for information about the preference shares including significant terms.

See note 15 "Accounting policies – Critical accounting judgements and key sources of uncertainty" for explanation of the accounting treatment of the preference shares.

15 Events after the reporting period

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

16 Accounting policies

The 2018 annual report of the parent company is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the financial statements of class C enterprises, cf. the Danish Executive Order on IFRS (IFRS-bekendtgørelsen) issued in accordance with the Danish Financial Statements Act.

The accounting policies for the Parent Company and for the W.S.S. Holding A/S Group are identical (see note 27 for the W.S.S. Holding A/S) except for the situations mentioned below.

Situations, where the accounting policies of the Parent Company deviate from the Group's

Investments in subsidiaries

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

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and less amortisation of goodwill is recognised in the income statement.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

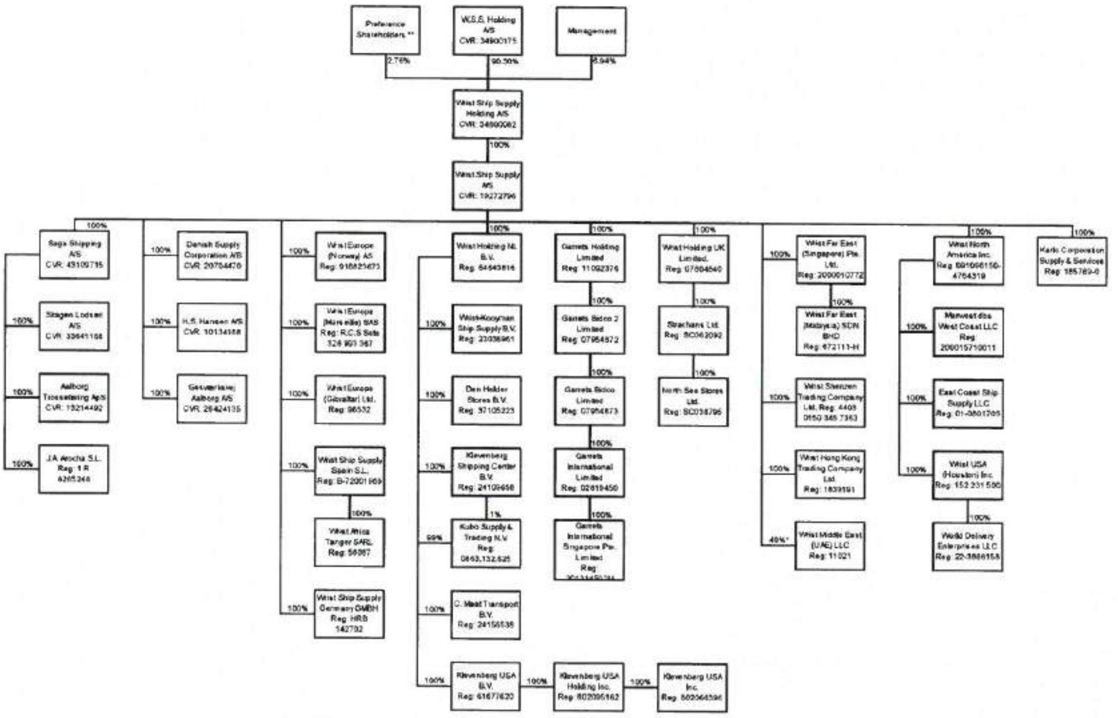
The purchase method is applied in the acquisition of investments in subsidiaries.

Corporation tax

The Parent Company is jointly taxed with all of its Danish subsidiaries with Wrist Adm ApS serving as the administration company. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

ORGANISATION

LEGAL STRUCTURE



Note:

** Wrist Middle East (UAE) LLC is controlled 100% by Wrist Ship Supply A/S according to the shareholders' agreement.*

*** Crown Secondaries Special Opportunities PLC, Cengal Private Equity Investments II PLC, Crown Middle Market III PLC, Crown Europe Small Buyouts III PLC.*

MANAGEMENT

Board of Directors

Søren Dan Johansen, Chairman
Born 1965, Danish.
Member of the Board of Directors and Chairman since November 2014.
Mr Johansen is a co-managing partner of Altor Equity Partners AB, Sweden, and Chief Executive Officer of Altor Equity Partners A/S, Denmark.

He holds an MSc in Law from The University of Copenhagen and an executive education from INSEAD.

Other duties:

- Wrist Ship Supply A/S, Denmark (C)
- Wrist Ship Supply Holding A/S, Denmark (C)
- W.S.S Holding A/S, Denmark (C)
- Haarslev Industries A/S, Denmark (C)
- Haarslev Group A/S, Denmark (C)
- Haarslev Group Holding A/S, Denmark (C)
- Norican Global A/S, Denmark (C)
- C Worldwide Group Holding A/S, Denmark (C)
- C Worldwide Holding A/S, Denmark (C)
- CAM Holding 1 DK ApS, Denmark (C)
- CAM Holding 2 DK ApS, Denmark (C)
- Hamlet Protein A/S, Denmark (BM)
- New Nutrition ApS, Denmark (BM)
- New Nutrition Holding ApS, Denmark (BM)
- Tresu Investment A/S, Denmark (BM)
- Tresu A/S, Denmark (BM)
- Tresu Group Holding A/S, Denmark (BM)
- Tresu Investment Holding A/S, Denmark (BM)
- Statens Ejendomssalg A/S, Denmark (C)
- Leith Society ApS, Denmark (C)
- Roenholtmedia.com ApS (C)
- PSR ApS, Denmark (BM)

Board of Directors, continuing

Håkan Petter Samlin
Born 1979, Swedish.
Member of the Board of Directors since 2013.

Mr Samlin is a director with Altor Equity Partners AB, Sweden. He holds a Master's degree in Engineering and Business Management from the Royal Institute of Technology in Stockholm, as well as a Bachelor's degree in Business and Administration from Stockholm University School of Business.

Other duties:

- Wrist Ship Supply A/S, Denmark (BM)
- Wrist Ship Supply Holding A/S, Denmark (BM)
- W.S.S Holding A/S, Denmark (BM)
- Aktiebolaget Skrindan AB, Sweden (BM)
- ACIB Holding AB, Sweden (C)
- CARAM Alternative Investments AB, Sweden (BM)
- CARAM Funds AB, Sweden (BM)
- Henrico Invest AB, Sweden (BM)
- Valot Group AB, Sweden (C)

Robert Steen Kledal, CEO
Born 1969, Danish.
Joined Wrist Ship Supply in 2010 as CEO.

Other duties: DSV A/S, Denmark (BM)

Executive Board

Anders Skipper, Executive Vice President, CFO
Born 1967, Danish.
Joined Wrist Ship Supply in 2011 as Executive Vice President, CFO.

C: Chairman of the Board of Directors
VC: Vice Chairman of the Board of Directors
BM: Member of the Board of Directors

Ownership

W.S.S. Holding A/S is owned by Altor Fund II GP Limited, Jersey, through subsidiaries (98.34%), external investors (1.52%) and management investors (0.14%).

Annual general meeting

The annual general meeting will be held on 31 May 2019 at the company's registered office.