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# ANNUAL REPORT 2017



SHIP SUPPLY

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## 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](http://wrist.com)

MANAGEMENT COMMENTARY

# FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK'000 and ratios	2017	2016	2015	2014	2013*
Net Sales	4,101,471	4,066,729	3,674,577	3,347,343	499,111
Gross profit	1,000,203	970,818	932,444	805,408	79,146
Operating profit (EBITDA)	195,549	204,898	227,423	240,574	15,983
Earnings before interest and tax (EBIT)	135,867	148,927	189,917	210,485	-1,226
Profit of financial items	-65,666	-82,141	-59,560	-55,198	-5,857
Net profit	48,649	51,884	97,051	123,564	-5,344
Inventories	233,962	238,384	218,230	195,203	166,467
Trade receivables	651,762	680,168	574,934	549,142	469,425
Total assets	2,670,904	2,636,037	2,310,135	2,118,899	1,876,806
Shareholders' equity	937,232	928,498	908,949	769,806	630,961
Investment capital including goodwill	1,750,405	1,646,713	1,467,550	1,334,290	977,885
Net interest-bearing debt (NIBD)	787,837	823,553	616,415	638,872	709,461
Cash flow from operating activities (CFFO)	54,993	128,731	122,911	132,704	13,987
Cash flow from investing activities (CFFI)	41,312	308,343	89,442	33,481	1,021,846
Total investment ex business acquisition (CAPEX)	41,311	47,325	49,821	33,698	96,246
Number of employees, average	1,279	1,183	1,167	1,105	981
<b>Performance ratios (%)</b>					
Gross margin	24.4	23.9	25.4	24.1	15.9
Operating margin (EBITDA)	4.8	5.0	6.2	7.2	3.2
Return on invested capital	9.0	10.1	13.1	16.1	3.3
Return on equity	5.2	5.6	11.6	17.6	-1.7

\* The figures related to the income statement for 2013 have been prepared in accordance with the Danish Financial Statements Act.

## Definitions of financial highlights and key ratios

Financial highlights are defined and calculated in accordance with “Recommendations & Ratios 2015” issued by the Danish Finance Society.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios reflect</b>
Gross margin (%)	= $\frac{\text{Gross profit} \times 100}{\text{Net sales}}$	The enterprise's operating gearing.
Operating margin (EBITDA) (%)	= $\frac{\text{EBITDA} \times 100}{\text{Net sales}}$	The enterprise's operating profitability.
Return on invested capital (%)	= $\frac{\text{EBITA} \times 100}{\text{Average invested capital incl. goodwill}}$	The return generated by the enterprise on investors' funds.
Return on equity (%)	= $\frac{\text{Profit/(loss) for the year Excl. minority interests} \times 100}{\text{Average equity excluding non-controlling interests}}$	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

*The shipping and offshore industries both saw continued difficulties in 2017. Wrist kept working with customers on enhancing their profitability while maintaining the quality promised and optimising operational efficiency. At the same time the steady expansion of Wrist's global business platform continued.*

Most shipping segments were depressed by low rates last year, and activity in the offshore oil & gas markets has been reduced significantly the last couple of years. However, on the backdrop of a flat – and sometimes negative – general market development our sales increased by more than 3% in 2017. This was significantly less than in previous years but still illustrates the market's appreciation of Wrist's services.

## Margins marked

Reduced demand, including customers' shift towards lower priced goods, reduced the average order value. Changes in the business composition put further pressure on our operating profit margin. Considering the overall depressed market, however, most of the Group's businesses performed well, and our determined focus on operational efficiency improved margins during the second half of the year.

## Global footprint expanded

The latest additions to the branch network – in Hamburg and Las Palmas – were well received by customers. In 2017 we opened our new built office in Shanghai, to a large extent targeting new vessels needing a broad spectrum of provisions and stores before delivery from shipyards to the ship owners. The steady expansion and improvement of our global infrastructure continued, including upgrading our warehousing facilities, increasing our capacity and enhancing our operating processes.

## Stronger operations

In every corner of our businesses we are constantly pursuing responsiveness and reliability in respect of our customers. To support these objectives, we keep investing in efficiency on a broad basis. In 2017 we continued the roll-out of our global business support system – enabling additional digitalised customer and vendor solutions. We also strengthened management in various locations of our network – in most cases benefitting from our own focused attraction and nurturing of talent.

## Moving on

All members of the Wrist staff take pride in being trusted by our customers and being asked to cater for their needs – sharing and overcoming the logistical challenges of delivery at the right place and at the right time. We are very conscious about the simple fact that we compete with other providers. And we know we must deliver on our value proposition every day.

We are encouraged by our results so far and are eager to do even better tomorrow than yesterday. To the benefit of the individual seafarer as well as the owners of ships and offshore facilities.

# SHIP SUPPLY

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

Ship supply was always and remains at the core of Wrist's DNA profile. Throughout the years, however, the Group has acquired a broad spectrum of skills within adjacent areas, lastly through the acquisition of Garrets.

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 ensure coordination and long-time planning of supplies to 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 based on a thorough understanding of individual needs.

## 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 in current 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.

### DIFFICULT SHIPPING MARKETS

During 2017 the container industry continued the trend of decreasing rates, pressuring the economy of the carriers. The end of 2017 saw a slight improvement of the financial figures

from the major container liners, backed by increasing volumes and a relatively lower growth in the container fleet, prompting analysts to foresee a slight short-term improvement for this segment.

The bulk market experienced a gradual bettering of day rates during 2017 and the sentiment from the analysts indicates a stable recovery of the market in 2018. Consolidation among both bulk and container companies continued in 2017.

In the tanker market the rates for especially product and chemical tankers dropped during 2017 and was driving consolidation in 2017.

The pursuit of optimisation has implied an increasing number of vessels under third party technical management, and an emerging consolidation of ship managers was seen in 2017.



# PROVISION AND STORES MANAGEMENT

*Outsourcing of provisioning to vessels has increased significantly during recent years, enhancing efficiency and reducing overhead costs without deteriorating neither quality nor 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 purchasing and supplying 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. Through 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 and continuous improvement, efficiency and streamlining procurement processes are the cornerstones of the day-to-day activities. Garrets appoints a dedicated contact person for each vessel and office. Constantly, the passion for food safety and quality is in focus. Garrets partners with both the 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 for "Expert Care – Making customers' life at sea better", Garrets supports customers beyond their specific needs. The seafarers and their welfare are at the heart of everything that is done within the business.

Garrets enhance crew welfare and retention through healthy menu planning, also addressing 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 fully audited supplier network that offers 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 on a daily rate to the highest quality within customers' budget.

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 a 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.

#### GLOBAL OPERATIONS

Garrets supported more than 42 million meals during 2017, securing and improving welfare at sea. Garrets worked with 500+ suppliers to deliver on more than 25,000 orders – almost three orders every hour of every day – in almost 1,500 ports in 117 countries.

# OFFSHORE SUPPLY

*Meeting the constantly evolving supply requirements of the Oil & Gas 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 can provide a wide range of services to meet diverse and advanced customer requirements. 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:

- Customer Key Account Management.
- 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.

## Reliable partner

Efficient and reliable procedures, based on accredited Quality Systems (ISO 9001 / ISO 2200, including HACCP) enables Wrist/Strachans to react rapidly to factors beyond our customers' control, like the 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 Wrist/Strachans hold 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

Wrist/Strachans offers a range of containers to suit specific customer requirements.

To ensure frozen and chilled products reach their final destinations in the best possible condition Strachans offers a fleet of over 200 refrigerated Icebox containers. They preserve product temperature (frozen and chilled) for up to four days without requiring any form of power supply.

All 1,200 containers in the fleet meet the DNV 2.7-1 standard and are delivered direct to the quayside.

### IMPROVING OUTLOOK

Overall, the offshore sector was at a standstill during most of 2017. On this background contributions to efficiency remains to be expected from all suppliers to the sector.

However, the offshore sector is generally believed to have bottomed out during 2017 and it is showing signs of recovery. Over the year the price of Brent Crude Oil rose some 20%. This is very good news for our customers.

2017 saw considerable consolidation in the energy vessel as well as the rig and platform markets and significant mergers and acquisitions occurred. There is still an oversupply of rigs and energy vessels, compounded by many new assets being built. Consequently, oil companies are driving down rates.

Whilst shallow water drilling is decreasing there is an increase in deep water drilling, e.g. west of Shetland in the UK and in the Gulf of Mexico, focus areas for Wrist/Strachans.

The 2018 UK budget boosted the North Sea oil and gas sector as oilfield owners will be allowed to offset decommissioning costs of old infrastructure against taxes paid. This change should attract new investment, extend the life of mature fields and unlock remaining oil and gas reserves. On this backdrop an increase in the level of offshore activity is anticipated.

# 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 achieving the business objectives.

[http://www.wrist.com/download/sustainability/business\\_principles\\_rev4\\_13feb14.pdf](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 and 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 representing the Wrist culture, and they are an important step in the formulation and communication of Wrist's ethical position and policies.

Wrist does not have a policy for environment and climate change.

## Compliance programme

Wrist Compliance Programme was introduced in 2014, covering 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. Within each of these areas, the programme comprises a detailed written policy 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. The anti-bribery programme also consists of a set of guidelines with clear and specific 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. Procedures were extended with a section introducing procedures for providing cash discounts in cash sales and a procedure for cash withdrawals to limit the risk of inappropriate behaviour.

The training of new staff and newly acquired entities is currently being transformed to an online training session. During 2017 Wrist began preparations for meeting the requirements of the General Data Protection Regulation of the EU coming into force in May 2018. As such among others a data mapping process is being conducted, policies and guidelines prepared, and data processing agreements negotiated with data processors.

The implementation of the Business Principles and the compliance programme has drawn attention to 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 are a reference in dealings with external stakeholders.

Wrist requires all significant suppliers to sign the Group's purchasing terms, which state that suppliers must be compliant with and have respect for human and labour rights. The process of having suppliers signing this, will continue in 2018.

## Whistleblowing

A whistleblowing system specifically tailored to the requirements of Wrist was developed in 2015 in cooperation with a leading Danish law firm. The system allows employees to report violations – and suspicions of violation – of legislation and policies with no risk of retaliation. The whistleblowing system is approved by the Danish Data Protection Agency and was introduced in April 2016.

No reporting within the scope was made in 2017.

## Seafarers

With "Expert Care – Making our customers' life at sea better" at the core of our mission, Wrist strives to go beyond the core competitive parameters to make a difference by "...making our customers' life at sea better".

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 at the forefront of our minds and Wrist's donations and charity to this group are prioritised. All Wrist does ends with seafarers or offshore or navy crew and thus affects their motivation and wellbeing.

Various charitable organisations do a tremendous amount of work 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) and "Shipping Company of the Year" (Garrets). Further Garrets has sponsored Sailors Society by co-funding new maritime education

scholarship, administered by Homer Foundation, to train at the Magsaysay Center for Hospitality and Culinary Arts (MIHCA) in Manila. The Sailors Society-Homer Foundation Scholarship enables Filipino students from underprivileged backgrounds to pursue culinary careers in the shipping industry.

Each year we mark the “Day of the Seafarer” on 25 June – a campaign run by the International Maritime Organization (IMO). This year handing out sweets.

## Promotion of the underrepresented gender

### Board of Directors

The gender composition at the Board of Directors (no women and four men) remains unchanged since the right female candidate has not yet been identified.

Wrist is committed to striking a sound gender balance between men and women on the Board of Directors. The target is to achieve at least a 60/40 distribution between men and women before the end of 2018. The target includes the owner’s representatives and does not include employee representatives (if any).

### 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 as well as the policy described in Wrist’s annual reports.

Wrist defines “Management” as:

- The Executive Board
- Managers reporting directly to the Executive Board
- Manager leading teams of two or more employees
- Subject matter experts with company-wide impact.

The current gender composition is 71% men and 29% women (end-2016: 78% and 22%, respectively).

### Initiatives

In support of this target, Wrist will be introducing a number of initiatives to help managers fulfil the target:

- Talent acquisition:  
Ensure that lists of candidates for job interviews at all levels have an equal representation of both genders, and where top candidates are equally qualified, select the underrepresented gender.
- Internal promotions:  
Ensure that lists of candidates for internal promotions at all levels have an equal representation of both genders, and where top candidates are equally qualified, select the underrepresented gender.
- Talent development:

Ensure that the underrepresented gender is provided with training, development and mentoring opportunities to assist their professional growth. This specifically includes defining managerial development opportunities during the annual performance review.

- Role models:  
Create a forum where the underrepresented gender can participate in activities, (e.g. talks at local focus groups) to gain insight and inspiration on how to develop their own career opportunities.

The overarching principle remains that the company will select the best-qualified person, irrespective of gender, race, age or religious beliefs.



# 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.

### **Shipping and offshore industry prospects**

Wrist offers its services to the shipping and offshore industry in numerous countries, and this diversification does in itself mitigate 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**

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

### **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 identify where initiatives may be needed 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.

### **Compliance with regulations**

Wrist is committed to conducting its business in compliance with all applicable laws and other regulation and adhering to principles of good corporate citizenship in all the 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 and related policies and procedures are made 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 and 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.

### **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). To reduce the exchange rate risk, Wrist aims to match costs and revenues, as well as assets and liabilities, in each business unit. Overall, the estimated risk arising from currency exposure is limited as most of the business has limited transaction exposure.

### **Interest rate risk**

The interest rates of credit facilities are variable. Wrist uses derivative contracts to hedge interest rate risks, and currently the company has chosen to hedge most of such risk for a period of three years.

### **Funding risk**

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

### **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. 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, managed globally. Cash is held with banks with high credit ratings.

# FINANCIAL REVIEW

## Sales

The volume of supplies to ships increased in 2017, but the average order value remained at low level due to the demand for budget savings and thus lower priced goods. The development in sales to merchant vessels was increasing in 2017, whereas the lower demand in offshore oil & gas markets reduced sales and resulted in negative organic growth. Net sales increased by 3% in local currencies and as much as 1% in the reporting currency, reaching DKK 4,101m compared to DKK 4,067m in 2016.

## Gross profit

Gross profit grew to DKK 1,000m from DKK 971m in 2016. The gross profit ratio was 24.4% compared to 23.9% in 2016. The primary reasons for the higher ratio are changes in the supply chain including sourcing improvements.

## Operating profit

The operating profit (EBITDA) increased to DKK 196m from DKK 205m in 2016, while the operating margin went to 4.4% in 2017 compared to 5.1% the year before. Most operations have, considering the overall depressed market, performed well. However, the development in some operations has been somewhat below last year and the expectations.

## Net profit

The net profit for the year was DKK 49m compared to DKK 52m in 2016. The profit level is not satisfactory and is below expectations. The net profit is affected negative by DKK 7.4m due to preference shares. However, a number of initiatives to improve profits were undertaken in 2017 and began to have effect during the second half of the year.

## Cash flows

The cash flow from operating activities was DKK 55m in 2017 against DKK 129m in 2016, a decrease of 57.3%. The working capital increased to 305m from 232m due to the increased activity and more net receivables, including more overdue receivables. The working capital, as a ratio of sales, was 7.4% compared to 6.1% in 2016.

## Investments

Net investments amounted to DKK 45m compared to DKK 308m in 2016. Acquisition of companies aggregated DKK 0m compared to 261m in 2016 while investments in software and property, plant and equipment aggregated DKK 44m, just slightly less than the previous year (DKK 47m).

## Financial position

At 31 December 2017, cash and cash equivalents totalled DKK 233m, while undrawn credit facilities amounted to DKK 45m. Accordingly, total available cash resources amounted to DKK 274m against DKK 138m 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. In 2017 Wrist Ship Supply Holding A/S issued preference shares for the proceed of DKK 125m with the possibility to issue

additional preference shares with a proceed of DKK 125m in the future. The objective is to strengthen the financial position and enable further consolidation in the ship supply market.

The net interest-bearing debt (NIBD) amounted to DKK 788m at 31 December 2017 (DKK 834m at the end of 2016). The net interest-bearing debt as a ratio to like-for-like EBITDA stood at 2.6 by the end of 2017 against 3.8 the year before.

### Subsequent events

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

### Outlook for 2018

In 2018, the shipping industry experts expect clouds are lifting and calmer seas are returning as the market fundamentals are improving. However, many segments have a challenging demand-supply 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. Currently, the demand for drilling rigs and offshore support vessels is weak, but expect to improve.

Despite some short term negative market drivers, Wrist continues investing in strategic projects like global business system development and roll-out, facility upgrades and expansion in key hubs or new locations, and will underpin Wrist's strong market position and the strength of its business model. The continued focus on developing a robust and scalable 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 2018, Wrist expects total sales to grow to around DKK 4.2bn and an increase in the operating profit (EBITDA) around 10%. 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 2017.

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 2017 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2017.

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.

Noerresundby, 16 April 2018

### 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 01.01.2017 - 31.12.2017, 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 31.12.2017, and of the results of their operations and cash flows for the financial year 01.01.2017 - 31.12.2017 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events

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

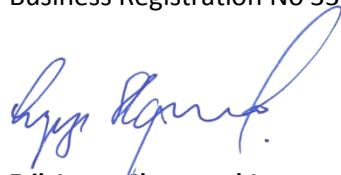
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions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

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

Noerresundby, 16 April 2018

**Deloitte**

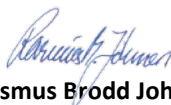
Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56



**Erik Lyng Skovgaard Jensen**

State-Authorised Public Accountant

MNE-no. mne10089



**Rasmus Brodd Johnsen**

State-Authorised Public Accountant

MNE-no. mne33217



FINANCIAL STATEMENTS

# CONSOLIDATED INCOME STATEMENTS

	<u>Note</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
<b>Net Sales</b>	2	4,101,471	4,066,729
Cost of sales		-3,101,268	-3,095,911
<b>Gross profit</b>		<b>1,000,203</b>	<b>970,818</b>
Other external expenses	3	-294,439	-280,461
Staff costs	4	-492,446	-485,640
Other operating income		331	181
Other operating expenses		-18,100	0
Depreciation and amortisation	5	-59,682	-55,971
<b>Operating profit before interest and tax (EBIT)</b>		<b>135,867</b>	<b>148,927</b>
Financial income	6	11,954	1,704
Financial expenses	7	-77,620	-83,845
<b>Profit before tax (EBT)</b>		<b>70,201</b>	<b>66,785</b>
Income tax	8	-21,552	-14,902
<b>Net profit for the year</b>		<b>48,649</b>	<b>51,884</b>
<b>Attributable to:</b>			
Shareholders of W.S.S. Holding A/S		39,881	47,110
Non-controlling interests		8,768	4,774

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<u>Note</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
<b>Net profit for the year</b>	48,649	51,884
<b>Other comprehensive income</b>		
<b>Items that can be reclassified to the income statement when certain conditions are met:</b>		
Exchange differences, foreign entities	-39,102	-39,370
Fair value adjustment for the year relating to hedging instruments	834	2,867
Tax relating to hedging instruments	-184	-631
<b>Total comprehensive income</b>	<u><b>10,197</b></u>	<u><b>14,751</b></u>
Attributable to:		
Shareholders of W.S.S. Holding A/S	5,628	14,072
Non-controlling interests	4,569	678
	<u><b>10,197</b></u>	<u><b>14,751</b></u>

# CONSOLIDATED CASH FLOW STATEMENTS

	<b>Note</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Profit before tax (EBT)		70,201	66,785
Amortisation and depreciation		59,682	55,971
Working capital changes	18	-69,014	1,086
Adjustments for non-cash items	19	59,362	73,118
<b>Cash flow from ordinary operating activities</b>		<b>120,231</b>	<b>196,960</b>
Financial income		11,954	1,704
Financial expenses		-61,626	-49,603
Income taxes refunded/paid		-15,566	-20,330
<b>Cash flow from operating activities (CFFO)</b>		<b>54,993</b>	<b>128,731</b>
Acquisition etc. of intangible assets		-18,036	-14,882
Acquisition etc. of property, plant and equipment		-24,538	-34,396
Sale of property, plant and equipment		1,262	1,953
Acquisition of enterprises		0	-261,017
<b>Cash flow from investing activities (CFFI)</b>		<b>-41,312</b>	<b>-308,343</b>
Loans raised		19,868	220,716
Instalments on loans etc		-12,828	-136,977
Purchase/Sale of own shares		-1,462	0
Proceeds from issue of redeemable preference shares		121,475	0
Other cash flows from financing activities		1,654	1,086
<b>Cash flows from financing activities</b>	20	<b>128,707</b>	<b>84,825</b>
<b>Cash flow for the year</b>		<b>142,388</b>	<b>-94,787</b>
Cash and cash equivalents at 1 January		94,651	185,942
Currency translation adjustments of cash and cash equivalents		-4,342	3,496
<b>Cash and cash equivalents at 31 December</b>		<b>232,697</b>	<b>94,651</b>

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

## CONSOLIDATED BALANCE SHEETS, ASSETS

	<u>Note</u>	<u>2017</u> DKK'000	<u>2016</u> DKK'000
Goodwill		1,164,794	1,207,660
Software		50,420	38,228
Other intangible assets		30,257	45,526
Intangible assets in development		9,287	15,110
<b>Intangible assets</b>	9	<b>1,254,758</b>	<b>1,306,524</b>
Land and buildings		63,341	69,809
Fixtures and fittings, tools and equipment		61,902	77,646
Leasehold improvements		24,997	19,394
Ships		21,879	24,075
Prepayments for property, plant and equipment		546	2,825
<b>Property, plant and equipment</b>	10	<b>172,665</b>	<b>193,749</b>
Deferred tax assets	13	17,041	11,896
<b>Other non-current assets</b>		<b>17,041</b>	<b>11,896</b>
<b>Total non-current assets</b>		<b>1,444,464</b>	<b>1,512,169</b>
<b>Inventories</b>		<b>233,962</b>	<b>238,384</b>
Trade receivables	14	651,762	680,168
Receivables from group enterprises		2,875	3,832
Income tax receivable		15,528	12,938
Other receivables		80,290	84,326
Prepayments		9,326	9,569
<b>Receivables</b>		<b>759,781</b>	<b>790,833</b>
<b>Cash and cash equivalents</b>		<b>232,697</b>	<b>94,651</b>
<b>Total current assets</b>		<b>1,226,440</b>	<b>1,123,868</b>
<b>Total assets</b>		<b>2,670,904</b>	<b>2,636,037</b>

# CONSOLIDATED BALANCE SHEETS, EQUITY AND LIABILITIES

	<b>Note</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Share capital		7,042	7,042
Foreign currency translation reserve		-34,612	220
Hedging reserves		124	-455
Retained earnings		<u>854,131</u>	<u>814,444</u>
<b>Shareholders' share of equity</b>		<b>826,685</b>	<b>821,251</b>
<b>Non-controlling interests</b>		<b>110,547</b>	<b>107,246</b>
<b>Shareholders' equity</b>		<b><u>937,232</u></b>	<b><u>928,497</u></b>
Deferred tax	13	14,799	13,306
Provisions	15	11,656	9,278
Accrual for straight line lease expense		16,342	15,830
Debt preference shares to holders	25	128,869	0
Debt to mortgage credit institutions	16	2,577	2,841
Debt to credit institutions	16	703,712	739,268
Leasing debt	16	<u>28,320</u>	<u>30,151</u>
<b>Total non-current liabilities</b>		<b>906,275</b>	<b>810,674</b>
Instalment of non-current debt next year	16	115,461	110,462
Provisions	15	99	137
Accrual for straight line lease expense		7	52
Trade creditors		505,803	506,975
Debt to group enterprises		38,829	37,103
Corporate tax		20,721	8,116
Other payables	17	145,137	185,316
Deferred income		<u>1,340</u>	<u>48,705</u>
<b>Total current liabilities</b>		<b>827,397</b>	<b>896,866</b>
<b>Total liabilities</b>		<b><u>1,733,672</u></b>	<b><u>1,707,540</u></b>
<b>Total equity and liabilities</b>		<b><u><u>2,670,904</u></u></b>	<b><u><u>2,636,037</u></u></b>

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# 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
<b>Shareholders' equity at 1 January 2017</b>	<b>7,042</b>	<b>814,444</b>	<b>220</b>	<b>-455</b>	<b>821,251</b>	<b>107,246</b>	<b>928,498</b>
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
<b>Total comprehensive income</b>	<b>0</b>	<b>39,881</b>	<b>-34,832</b>	<b>579</b>	<b>5,628</b>	<b>4,569</b>	<b>10,197</b>
Gains on deal disposals on interests in subsidiaries	0	-194	0	0	-194	-1,268	-1,462
<b>Shareholders' equity at 31 December 2017</b>	<b>7,042</b>	<b>854,131</b>	<b>-34,612</b>	<b>124</b>	<b>826,685</b>	<b>110,547</b>	<b>937,232</b>
<b>Shareholders' equity at 1 January 2016</b>	<b>7,042</b>	<b>792,788</b>	<b>35,247</b>	<b>-2,444</b>	<b>832,633</b>	<b>76,315</b>	<b>908,948</b>
Net profit for the year	0	47,110	0	0	47,110	4,774	51,884
Other comprehensive income	0	0	-35,027	0	-35,027	-4,343	-39,370
Fair value adjustment for the year relating to hedging instruments	0	0	0	2,551	2,551	317	2,867
Tax relating to hedging instruments	0	0	0	-561	-561	-69	-631
<b>Total comprehensive income</b>	<b>0</b>	<b>47,110</b>	<b>-35,027</b>	<b>1,989</b>	<b>14,072</b>	<b>678</b>	<b>14,751</b>
Gains on deal disposals on interests in subsidiaries	0	-25,454	0	0	-25,454	30,253	4,799
<b>Shareholders' equity at 31 December 2016</b>	<b>7,042</b>	<b>814,444</b>	<b>220</b>	<b>-455</b>	<b>821,251</b>	<b>107,246</b>	<b>928,498</b>

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

No dividend was declared in 2017 or 2016.

# 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 2016 have been implemented. The application of these standards and interpretations has not resulted in any impact on the financial performance or financial position of the Group.

#### **New and revised IFRSs in issue but not yet effective**

At the time of publication of the 2016 consolidated financial statements of W.S.S. Holding A/S, there are a number of new or changed standards and interpretations which have not yet come into effect and which therefore have not been incorporated into the consolidated financial statements.

#### ***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

Wrist Ship Supply Group will implement 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 Group have analysed the effects of IFRS 15, and the analysis indicates that there is no material effects of IFRS 15.

#### ***IFRS 9 Financial Instruments***

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 supersedes the current IAS 39 *Financial Instruments: Recognition and Measurement* and the related interpretations when it becomes effective.

Wrist Ship Supply Group will implement IFRS 9 in the financial year 2018, using the more gentle transition requirements with no adjustments of comparative figures.

Wrist Ship Supply Group have analysed the effects of IFRS 9, and the analysis shows no material effects in the provisions for bad debts, which will be based on expected losses and not incurred



losses. The extent of hedging is currently at a minimum. IFRS 9 is not showing any changes the classification of financial assets.

### ***IFRS 16 Leases***

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective.

Wrist Ship Supply Group has not yet begun analysing the possible effect of IFRS 16. The new IFRS is applicable for financial year 2019, but the analysis will include considerations regarding early adoption. As Wrist Ship Supply Group has significant operating lease commitments, IFRS 16 is expected to increase non-current assets (right-of-use assets) as well as lease liabilities, and will also impact the income statement, cash flow statement and equity to some degree.

The directors are to begin the assessment of the impact of IFRS 16 during 2018.

### **Other new or revised IFRS**

Other new or revised IFRSs in issue but not yet effective are not expected to have any material impact on future consolidated financial statements.

## **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 IAS 18, when Wrist Ship Supply Group has transferred to the customer the significant risks and rewards of ownership of the goods. As part of the Group's activities, Wrist 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, Wrist has transferred all significant risks and rewards related to the goods upon delivery alongside the ships, including any risk of physical damage to the goods, and do not have any continuing managerial involvement in 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 that will be received 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 Wrist's 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 do 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 have 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.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2 Net Sales</b>		
Europe	2,320,070	2,151,434
North America	815,836	1,056,952
Asia	460,708	423,389
Middle East and Africa	367,861	350,207
Other regions	136,996	84,747
	<b>4,101,471</b>	<b>4,066,729</b>
Hereof sales of services	<b>64,164</b>	<b>50,363</b>

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

Statutory audit	2,570	2,698
Other engagement services	55	101
Tax and VAT services	315	530
Other services	693	919
<b>Fees to auditors</b>	<b>3,633</b>	<b>4,248</b>
Statutory audit (other auditors)	366	386
Other engagement services (other auditors)	671	35
Tax and VAT services (other auditors)	59	44
Other services (other auditors)	8	90
<b>Other fees</b>	<b>1,104</b>	<b>555</b>
	<b>4,737</b>	<b>4,803</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4 Staff costs</b>		
Wages and salaries	416,012	413,132
Pension costs	23,106	21,872
Other social security costs	20,835	18,931
Other staff costs	32,493	31,705
	<b>492,446</b>	<b>485,640</b>
<b>Global</b>		
Average number of full-time employees 31 December	1,279	1,183
Number of full-time employees per 31 December	1,264	1,249
<b>Denmark</b>		
Average number of full-time employees 31 December	258	249
Number of full-time employees per 31 December	262	250

#### 4 Staff costs continuing

DKK'000	Board of Directors / Executive board	Other top manage- ment	Total
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
<b>Cost at 31 December 2017</b>	<b>8,120</b>	<b>21,289</b>	<b>29,409</b>
Salary	3,501	11,945	15,446
Bonus	4,261	3,256	7,517
Pension, company contributions	0	721	721
Benefits (car, housing, phone etc.)	186	2,379	2,565
<b>Cost at 31 December 2016</b>	<b>7,948</b>	<b>18,301</b>	<b>26,249</b>

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 both the parent company and 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% - 130% 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 May 2015 acquired warrants and shares in Wrist Ship Supply Holding A/S at the fair value of the warrants and shares. The warrants and shares are fully vested and the warrants are exercisable in the period of 28 January to 28 February 2018 or at the time Wrist Ship Supply Holding is sold or becomes listed before 28 January 2018. However, exercise also requires that certain thresholds for increase in the fair value of the shares in the company are achieved. A total of 1,101 warrants have been issued and acquired by employees and management with an exercise price of 64,808 per share.

#### 4 Staff costs continuing

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

<b>Number of outstanding warrants</b>	<u><b>Warrants</b></u>	<u><b>Exercise prices</b></u>
1 January 2016	1,680	8,700 - 64,808
Exercised	-549	
31 December 2016	1,131	41,169 - 64,808
Issued during the period	69	
31 December 2017	1,200	64,808

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5 Depreciation and amortisation</b>		
Amortisation of intangible assets	21,628	17,111
Depreciation of property, plant and equipment	38,054	38,860
	<b>59,682</b>	<b>55,971</b>
<b>6 Financial income</b>		
Interest income	4,606	667
Exchange rate adjustments	6,467	0
Other financial income	881	1,037
	<b>11,954</b>	<b>1,704</b>
<b>7 Financial expenses</b>		
Interest expenses	49,516	44,565
Interest expenses preference shares	7,394	0
Exchange rate adjustments	0	17,032
Financial leasing	2,563	2,864
Other financial expenses	18,147	19,384
	<b>77,620</b>	<b>83,845</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>8 Income tax</b>		
<b>Current tax</b>		
Current tax on profit for the year	22,875	14,166
Adjustment in respect of prior years	2,204	869
Total current tax	<u>25,079</u>	<u>15,035</u>
<b>Deferred tax</b>		
Adjustment of deferred tax asset/liability	-61	4,172
Adjustment of deferred tax asset/liability in respect of prior years	-3,466	-4,305
Total deferred tax	<u>-3,527</u>	<u>-133</u>
<b>Total income tax</b>	<u><b>21,552</b></u>	<u><b>14,902</b></u>

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:

<b>Earnings before tax</b>	<b>70,201</b>	<b>66,785</b>
Calculated tax at Danish statutory rate of 22% in 2017 (22% 2016)	15,444	14,693
Effect of difference in tax rate in foreign subsidiaries	-1,347	2,013
Adjustment in respect of prior years	-1,262	-3,436
Effect from change in local tax rate	4,066	0
Income/expenses not subject to tax	4,651	1,632
<b>Tax charge</b>	<u><b>21,552</b></u>	<u><b>14,902</b></u>



	Software DKK'000	Goodwill DKK'000	Other intangible assets	Intangible assets in development DKK'000	Total DKK'000
<b>9 Intangible assets</b>					
<b>Cost at 1 January 2017</b>	<b>83,412</b>	<b>1,207,660</b>	<b>55,747</b>	<b>15,110</b>	<b>1,361,929</b>
Exchange rate adjustments	-542	-42,866	-6,680	0	-50,088
Additions	8,542	0	0	9,288	17,830
Transfer to software	15,111	0	0	-15,111	0
<b>Total cost at 31 December 2017</b>	<b>106,523</b>	<b>1,164,794</b>	<b>49,067</b>	<b>9,287</b>	<b>1,329,671</b>
<b>Amortisation at 1 January 2017</b>	<b>45,184</b>	<b>0</b>	<b>10,221</b>	<b>0</b>	<b>55,405</b>
Exchange rate adjustments	-68	0	-1,846	0	-1,914
Amortisation for the year	11,193	0	10,435	0	21,628
Reclassifications	-206	0	0	0	-206
<b>Total amortisation at 31 December 2017</b>	<b>56,103</b>	<b>0</b>	<b>18,810</b>	<b>0</b>	<b>74,913</b>
<b>Carrying amount at 31 December 2017</b>	<b>50,420</b>	<b>1,164,794</b>	<b>30,257</b>	<b>9,287</b>	<b>1,254,758</b>
<b>Cost at 1 January 2016</b>	<b>70,793</b>	<b>969,421</b>	<b>0</b>	<b>11,732</b>	<b>1,051,946</b>
Exchange rate adjustments	1,347	-46,294	1,271	0	-43,676
Additions	4,515	0	0	10,135	14,650
Additions from acquisitions	0	284,533	54,476	0	339,009
Transfer to software	6,757	0	0	-6,757	0
<b>Total cost at 31 December 2016</b>	<b>83,412</b>	<b>1,207,660</b>	<b>55,747</b>	<b>15,110</b>	<b>1,361,929</b>
<b>Amortisation at 1 January 2016</b>	<b>37,762</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,762</b>
Exchange rate adjustments	147	0	385	0	532
Amortisation for the year	7,275	0	9,836	0	17,111
<b>Total amortisation at 31 December 2016</b>	<b>45,184</b>	<b>0</b>	<b>10,221</b>	<b>0</b>	<b>55,405</b>
<b>Carrying amount at 31 December 2016</b>	<b>38,228</b>	<b>1,207,660</b>	<b>45,526</b>	<b>15,110</b>	<b>1,306,524</b>

	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
<b>10 Property, plant and equipment</b>						
<b>Cost at 1 January 2017</b>	<b>103,023</b>	<b>221,669</b>	<b>40,302</b>	<b>35,312</b>	<b>2,825</b>	<b>403,131</b>
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
<b>Total cost as at 31 December 2017</b>	<b>101,938</b>	<b>208,554</b>	<b>47,682</b>	<b>35,356</b>	<b>546</b>	<b>394,076</b>
<b>Depreciation at 1 January 2017</b>	<b>33,214</b>	<b>144,024</b>	<b>20,908</b>	<b>11,237</b>	<b>0</b>	<b>209,383</b>
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
<b>Depreciation at 31 December 2017</b>	<b>38,597</b>	<b>146,652</b>	<b>22,685</b>	<b>13,477</b>	<b>0</b>	<b>221,411</b>
<b>Carrying amount at 31 December 2017</b>	<b>63,341</b>	<b>61,902</b>	<b>24,997</b>	<b>21,879</b>	<b>546</b>	<b>172,665</b>
<b>Hereof financial leasing</b>	<b>28,366</b>	<b>919</b>				
<b>Cost at 1 January 2016</b>	<b>101,608</b>	<b>213,298</b>	<b>36,247</b>	<b>34,296</b>	<b>0</b>	<b>385,449</b>
Exchange rate adjustments	523	-7,295	700	0	-3	-6,075
Additions	892	26,033	3,597	1,046	2,828	34,396
Additions from acquisitions	0	5,226	1,979	0	0	7,205
Disposals	0	-15,593	-2,221	-30	0	-17,844
<b>Total cost at 31 December 2016</b>	<b>103,023</b>	<b>221,669</b>	<b>40,302</b>	<b>35,312</b>	<b>2,825</b>	<b>403,131</b>
<b>Depreciation at 1 January 2016</b>	<b>26,575</b>	<b>132,636</b>	<b>17,355</b>	<b>9,067</b>	<b>0</b>	<b>185,633</b>
Exchange rate adjustments	614	-4,618	799	0	0	-3,205
Depreciation for the year	6,025	25,938	3,851	2,184	0	37,998
Reversal regarding disposals	0	3,566	1,103	0	0	4,669
Reclassifications	0	-13,498	-2,200	-14	0	-15,712
<b>Total depreciation at 31 December 2016</b>	<b>33,214</b>	<b>144,024</b>	<b>20,908</b>	<b>11,237</b>	<b>0</b>	<b>209,383</b>
<b>Carrying amount at 31 December 2016</b>	<b>69,809</b>	<b>77,645</b>	<b>19,394</b>	<b>24,075</b>	<b>2,825</b>	<b>193,748</b>
<b>Hereof financial leasing</b>	<b>28,151</b>	<b>253</b>				

## 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 Holding Group. At 31 December 2017, the consolidated goodwill is booked at DKK 1165m (2016: 1,208m), which is allocated to the CGU of Wrist Ship Supply Group. W.S.S. Holding Group performed impairment test of the carrying amount of goodwill at 31 December 2017 based on value in use. Impairment testing is performed in Q4 each year, based on the budgets or business plans approved by the Board of Directors.

The impairment test for the cash-generating unit 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 unit. 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 2021.

Budgets and projections for the 2018-2021 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 2021 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 rate used for Wrist Ship Supply Holding Group is 8.4% and before tax 8.9% before tax (2016: 8.3% and 8.8% before tax).

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

	<b>Increase in EBIT from 2017 until terminal period</b>	<b>Increase of Net Working Capital from 2017 until terminal period</b>
<b>2017</b>		
Wrist Ship Supply Holding Group	9%	9%
<b>2016</b>		
Wrist Ship Supply Holding Group	10%	10%

The impairment test performed at 31 December 2017 for Wrist Ship Supply Holding Group indicate significantly higher capital values of the assets compared to the carrying amounts, and the impairment test is therefore not sensitive to changes in the significant conditions and factors.

## 12 Subsidiaries

<b>Company name</b>	<b>Registered office in</b>	<b>City</b>	<b>Ownership share %</b>
Wrist Ship Supply Holding A/S	Denmark	Noerresundby	87.78
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	Nørresundby	100
Danish Supply Corporation A/S	Denmark	Esbjerg	100
Saga Shipping A/S	Denmark	Skagen	100
Aalborg Trosseføring ApS	Denmark	Skagen	70
Gasværksvej Aalborg A/S	Denmark	Nørresundby	100
Skagen Lodseri A/S	Denmark	Skagen	100
SkawPilot ApS	Denmark	Skagen	100
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
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

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

### 13 Deferred tax assets and deferred tax liabilities

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
<b>Deferred tax beginning of year</b>	<b>16,735</b>	<b>1,214</b>	<b>-523</b>	<b>-19,581</b>	<b>-7,546</b>	<b>-1,496</b>	<b>12,598</b>	<b>8</b>	<b>1,409</b>
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
<b>Deferred tax end of year</b>	<b>16,923</b>	<b>563</b>	<b>0</b>	<b>-6,726</b>	<b>-3,832</b>	<b>-884</b>	<b>-7,924</b>	<b>-362</b>	<b>-2,242</b>

**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.

2016 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
<b>Deferred tax beginning of year</b>	<b>7,446</b>	<b>911</b>	<b>0</b>	<b>-25,343</b>	<b>-5,103</b>	<b>2,752</b>	<b>9,247</b>	<b>480</b>	<b>-9,609</b>
Charge to the income statement	-1,356	246	-523	5,445	-2,259	-4,248	3,081	-520	-134
Change from acquisition	10,594	0	0	0	0	0	0	0	10,594
Exchange rate adjustments	-2	-34	0	317	-178	0	278	15	396
Other adjustments	53	91	0	0	-7	0	-8	33	162
<b>Deferred tax end of year</b>	<b>16,735</b>	<b>1,214</b>	<b>-523</b>	<b>-19,581</b>	<b>-7,546</b>	<b>-1,496</b>	<b>12,598</b>	<b>8</b>	<b>1,409</b>

**Deferred tax is presented in the balance sheet as follows:**

Deferred tax asset	11,896
Deferred tax liability	13,306
Deferred tax asset year end net	-1,410

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

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>14 Trade receivables</b>		
Trade receivables	603,112	651,676
Contract assets	65,044	46,915
Provisions for impairment of trade receivables	-16,394	-18,420
	<b>651,762</b>	<b>680,171</b>
Impairment losses at 1 January	-18,420	-20,546
Exchange rate adjustments	41	2,022
Impairment losses in the year	-600	-642
Realised in the year	2,585	746
Impairment losses at 31 December	<b>-16,394</b>	<b>-18,420</b>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. 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:

Overdue 1-30 days	134,149	117,548
Overdue 31-60 days	48,261	53,124
Overdue 61-90 days	25,910	26,094
Over 90 days	44,014	35,875
	<b>252,334</b>	<b>232,641</b>

Included in the provision for impairment of trade receivables are individually impaired trade receivables amounting to DKK 8,864 (31 December 2016: DKK 9,932).

## 15 Provisions

DKK'000	Provisions for pension and pension like liabilities	Provisions for restoration liabilities	Provisions for dismantling liabilities	Total provisions
<b>Provisions at 1 January 2017</b>	<b>1,260</b>	<b>4,532</b>	<b>3,623</b>	<b>9,415</b>
Increase	36	2,455	196	<b>2,687</b>
Discounting interests	0	197	82	<b>279</b>
Decrease	-198	0	0	<b>-198</b>
Exchange rate adjustments	-1	-193	-234	<b>-428</b>
<b>Provisions at 31 December 2017</b>	<b>1,097</b>	<b>6,991</b>	<b>3,667</b>	<b>11,755</b>
<b>Non-current provisions</b>	<b>1,097</b>	<b>6,912</b>	<b>3,647</b>	<b>11,656</b>
<b>Current provisions</b>	<b>0</b>	<b>79</b>	<b>20</b>	<b>99</b>
<b>Provisions at 1 January 2016</b>	<b>1,253</b>	<b>3,460</b>	<b>2,979</b>	<b>7,692</b>
Additions from acquisitions	0	495	0	<b>495</b>
Increase	43	364	560	<b>967</b>
Discounting interests	0	198	72	<b>270</b>
Decrease	-35	0	0	<b>-35</b>
Exchange rate adjustments	-1	15	12	<b>26</b>
<b>Provisions at 31 December 2016</b>	<b>1,260</b>	<b>4,532</b>	<b>3,623</b>	<b>9,415</b>
<b>Non-current provisions</b>	<b>1,260</b>	<b>4,532</b>	<b>3,486</b>	<b>9,278</b>
<b>Current provisions</b>	<b>0</b>	<b>0</b>	<b>137</b>	<b>137</b>

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.

## 16 Total non-current liabilities

<b>2017</b>	<b>Payments due 1 year DKK'000</b>	<b>Payments due between 1-5 years DKK'000</b>	<b>Outstand- ing after 5 years DKK'000</b>
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
	<b>115,461</b>	<b>733,077</b>	<b>1,532</b>

<b>2016</b>	<b>Payments due 1 year DKK'000</b>	<b>Payments due between 1-5 years DKK'000</b>	<b>Outstand- ing after 5 years DKK'000</b>
Debt to mortgage credit institutions	159	1,033	1,808
Leasing debt	1,773	30,151	0
Debt to credit institutions	98,805	739,268	0
Other debt	9,725	0	0
	<b>110,462</b>	<b>770,452</b>	<b>1,808</b>

<b>2017</b>	<b>2016</b>
<b>DKK'000</b>	<b>DKK'000</b>

## 17 Other payables

Social security and other related expenses	41,827	48,758
Customer bonuses	51,350	41,877
Commissions	11,914	43,537
VAT	3,943	3,424
Financial instruments - market value	633	967
Other accrued expenses	35,470	46,753
	<b>145,137</b>	<b>185,316</b>



## 18 Change in working capital

Increase/decrease in inventories	-10,785	-22,536
Increase/decrease in receivables	35,782	123,601
Increase/decrease in trade payables etc.	-94,011	-99,979
	<u>-69,014</u>	<u>1,086</u>

## 19 Adjustments for non-cash items

Financial income and expenses	55,684	70,708
Gains/losses from sale of non-current assets	331	181
Change in provisions	3,347	2,229
	<u>59,362</u>	<u>73,118</u>

## 20 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
<b>1 January 2017</b>	<b>742,109</b>	<b>108,689</b>	<b>31,924</b>	<b>0</b>	<b>882,722</b>
Cash flows	19,868	-8,948	-2,226	121,475	130,169
Foreign exchange movement	-36,122	-5,224	0	0	-41,346
Accrued interest	0	0	0	7,394	7,394
Reclassifications	-19,566	19,566	0	0	0
<b>31 December 2017</b>	<b>706,289</b>	<b>114,083</b>	<b>29,698</b>	<b>128,869</b>	<b>978,939</b>

## 21 Mortgages and collateral

Land and buildings have been used to secure mortgage loans totalling DKK 2,737k. The book value is DKK 6,241k as at 31 December 2017.

As security for the Group's credit facilities, Wrist Ship Supply 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 indemnification 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.

## 22 Lease commitments

### Financial lease commitments

2017	Payments	Payments	Outstand-
	due 1 year	due between 1-5 years	ing after 5 years
	DKK'000	DKK'000	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 3,605m which is included in Other external expenses.

2016	Payments	Payments	Outstand-
	due 1 year	due between 1-5 years	ing after 5 years
	DKK'000	DKK'000	DKK'000
Minimum lease payments	3,550	35,649	0
Present value of minimum lease payments	3,283	26,746	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 6,714k.

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

## 22 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.

2017	Payments	Payments	Outstand-
	due 1 year	due between 1-5 years	ing after 5 years
	DKK'000	DKK'000	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 3,441m which is included in Other external expenses.

2016	Payments	Payments	Outstand-
	due 1 year	due between 1-5 years	ing after 5 years
	DKK'000	DKK'000	DKK'000
Minimum lease payments	51,922	168,502	94,129
Present value of minimum lease payments	48,538	133,481	58,823
		<b>2017</b>	<b>2016</b>
		<b>DKK'000</b>	<b>DKK'000</b>
Minimum lease payments in the profit for the year		53,504	49,763

Tenants have rental commitments vis-à-vis Wrist Ship Supply A/S in period of notice DKK 9,575k.

The rental income for the year is DKK 2,003m which is included in Other external expenses.

## 23 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.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial items, net	1,055	0
Financial payables	38,070	37,015

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

## 24 Financial risks and financial instruments

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, Wrist aims to match costs and revenues, as well as assets and liabilities, through representation in the countries in which Wrist 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.

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	
	2017	2016	2017	2016
Impact on profit/(loss) from translation of debt and investments in subsidiaries	-6,005	-7,033	1,620	-725
Impact on equity from translation of debt and investments in subsidiaries	891	1,048	39,266	39,497

### Interest rate risk

The interest rates of credit facilities are variable. Wrist uses derivative contracts to hedge the interest rate risks, and can currently the company has chosen to hedge approx. 2/3 of such risks for a period of 15 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.

## 24 Financial risks and financial instruments continuing

### Derivative financial instruments hedging future cash flow

Currency and DKK	Currency	DKK'000	2017	2016
			Book value	Book value
Loan USD, expiring March 2017	20,000	141,056	0	-4
Loan DKK, expiring March 2017	113,333	113,333	0	-332
Loan DKK, expiring March 2017	100,000	100,000	0	-292
Loan GBP, expiring March 2017	3,909	33,943	0	-78
Loan GBP, expiring March 2017	4,000	41,118	0	-98
Loan USD, expiring March 2019	11,162	69,290	602	728
Loan DKK, expiring March 2019	113,333	113,333	-717	-764
Loan DKK, expiring March 2019	100,000	100,000	-633	-674
Loan GBP, expiring March 2019	2,182	18,310	-29	-117
Loan GBP, expiring March 2019	4,000	33,565	-65	-208
Loan USD, expiring March 2019	15,960	99,075	1,179	1,342
<b>Total hedge account measured at fair value recognised in equity</b>			<b>337</b>	<b>-497</b>

Fair value adjustments on hedging instruments recognised in other comprehensive income in 2017 amounts to DKK 834k (2016: DKK 2,867k).

#### 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 2017 would decrease by DKK 6m (2016: decrease by DKK 8m) 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

Wrist 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 W.S.S. Holding Group have a positive cash flow on a monthly basis. Wrist is in a sound financial position with significant positive cash flows from operating activities and adequate cash reserves.

#### 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.

## 24 Financial risks and financial instruments continuing

### 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 Company's management assesses whether the Group's capital structure is in line with the interests of the company and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. As of 31 December 2017, the Group's interest-bearing debt net comprise DKK 788 million (2016: DKK 824 million), 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 2017.



## 25 Preference shares

DKK'000	2017 DKK'000	2016 DKK'000
<b>Preference shares at 1 January</b>	<b>0</b>	<b>0</b>
Additions on preference shares	121,475	0
Interest expenses preference shares	7,394	0
<b>Preference shares at 31 December</b>	<b>128,869</b>	<b>0</b>

In 2017 Wrist Ship Supply Holding A/S issued preference shares for the amount of DKK 125m consisting of DKK 75m in Class A1 preference shares and DKK 50m in Class A2 preference shares.

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 250 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.

## 26 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.

## 27 Accounting policies

The 2017 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 is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

#### ***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 and other receivables.

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



### ***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***

Financial assets in Wrist Ship Supply Group are all classified as “loans and receivables” except for assets related to derivatives entered into economically hedge future cash flows, which are classified as assets at fair value through profit/(loss).

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

### **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 at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### ***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.

Preference shares for which the holder has a put option to sell the preference shares to a group entity in case of events or transactions outside the control of the parent entity are recognised as a liability, measured at amortised cost plus accumulated undistributed compounding return. The compounding return related to such preference shares is recognised in profit or loss as financing costs.

#### **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 24.

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

	<u>Note</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Other external expenses	1	-268	-443
Other operating expenses		-18,100	0
<b>Operating profit before interest and tax (EBIT)</b>		<b>-18,368</b>	<b>-443</b>
Profit from investments in subsidiaries	2	69,907	25,534
Financial expenses	3	-13,508	-4,528
<b>Profit before tax (EBT)</b>		<b>38,031</b>	<b>20,563</b>
Income tax	4	1,654	1,093
<b>Net profit for the year</b>		<b>39,685</b>	<b>21,656</b>

PARENT

# STATEMENTS OF COMPREHENSIVE INCOME

	<b>2017</b>	<b>2016</b>
<b>Note</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Net profit for the year</b>	39,685	21,656
<b>Other comprehensive income</b>		
<b>Items that can be reclassified to the income statement when certain conditions are met:</b>		
Exchange differences, foreign entities	-34,833	-35,027
Fair value adjustment for the year relating to hedging instruments in subsidiaries	743	2,551
Tax relating to hedging instruments in subsidiaries	-164	-561
<b>Total comprehensive income</b>	<b>5,431</b>	<b>-11,381</b>

PARENT

## CASH FLOW STATEMENT

	<b>Note</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Profit before tax (EBT)		38,031	20,563
Working capital changes	8	-30	843
Adjustments for non-cash items	9	-59,435	-24,115
<b>Cash flow from ordinary operating activities</b>		<b>-21,435</b>	<b>-2,709</b>
Financial expenses		-1,682	-1,419
Income taxes refunded/paid		591	61
<b>Cash flow from operating activities (CFFO)</b>		<b>-22,526</b>	<b>-4,067</b>
<b>Cash flow from investing activities (CFFI)</b>		<b>0</b>	<b>0</b>
Loans raised		25,735	4,158
<b>Cash flows from financing activities</b>	10	<b>25,735</b>	<b>4,158</b>
<b>Cash flow for the year</b>		<b>3,209</b>	<b>91</b>
Cash and cash equivalents at 1 January		122	31
<b>Cash and cash equivalents at 31 December</b>		<b>3,331</b>	<b>122</b>

PARENT

## BALANCE SHEETS, ASSETS

	<b>Note</b>	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
Investments in subsidiaries	5	1,020,806	863,676
Deferred tax assets	6	838	281
<b>Other non-current assets</b>		<b>1,021,644</b>	<b>863,957</b>
<b>Total non-current assets</b>		<b>1,021,644</b>	<b>863,957</b>
Receivables from group enterprises		341	339
Income tax receivable		1,296	790
Other receivables		4,187	5,583
<b>Receivables</b>		<b>5,824</b>	<b>6,712</b>
<b>Cash and cash equivalents</b>		<b>3,331</b>	<b>122</b>
<b>Total current assets</b>		<b>9,155</b>	<b>6,834</b>
<b>Total assets</b>		<b>1,030,799</b>	<b>870,791</b>

PARENT

## BALANCE SHEET, EQUITY AND LIABILITIES

	<b>Note</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Share capital		7,042	7,042
Foreign currency translation reserve		-31,902	2,931
Reserve for net revaluation under the equity method		29,331	0
Retained earnings		822,214	811,281
<b>Shareholders' equity</b>		<b>826,685</b>	<b>821,254</b>
Debt to preference shares to holders	14	128,869	0
<b>Total non-current liabilities</b>		<b>128,869</b>	<b>0</b>
Debt to group enterprises		74,444	48,711
Other payables	7	801	826
<b>Total current liabilities</b>		<b>75,245</b>	<b>49,537</b>
<b>Total liabilities</b>		<b>204,114</b>	<b>49,537</b>
<b>Total equity and liabilities</b>		<b>1,030,799</b>	<b>870,791</b>
Mortgages and collateral	11		
Related parties and group relations	12		
Ownership	13		
Events after the reporting period	15		
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PARENT

# STATEMENTS OF SHAREHOLDERS' EQUITY

DKK'000	Share capital	Retained earnings	Foreign currency translation adjustment	Reserve for net revaluation under the equity method	Total
<b>Shareholders' equity at 1 January 2017</b>	<b>7,042</b>	<b>811,281</b>	<b>2,931</b>	<b>0</b>	<b>821,254</b>
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
<b>Total comprehensive income</b>	<b>0</b>	<b>10,933</b>	<b>-34,833</b>	<b>29,331</b>	<b>5,431</b>
<b>Shareholders' equity at 31 December 2017</b>	<b>7,042</b>	<b>822,214</b>	<b>-31,902</b>	<b>29,331</b>	<b>826,685</b>
<b>Shareholders' equity at 1 January 2016</b>	<b>7,042</b>	<b>786,455</b>	<b>37,958</b>	<b>1,180</b>	<b>832,635</b>
Net profit for the year	0	24,826	0	-3,170	21,656
Other comprehensive income	0	0	-35,027	0	-35,027
Fair value adjustment for the year relating to hedging instruments	0	0	0	2,551	2,551
Tax relating to hedging instruments	0	0	0	-561	-561
<b>Total comprehensive income</b>	<b>0</b>	<b>24,826</b>	<b>-35,027</b>	<b>-1,180</b>	<b>-11,381</b>
<b>Shareholders' equity at 31 December 2016</b>	<b>7,042</b>	<b>811,281</b>	<b>2,931</b>	<b>0</b>	<b>821,254</b>

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

No dividend was declared in 2016 or 2017.

PARENT

# NOTES TO THE STATEMENTS

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
	<hr/>	<hr/>
<b>1 Fees to auditors appointed at the annual general meeting</b>		
Statutory audit	33	74
Other engagement services	0	101
Tax and VAT services	0	178
Other services	216	11
<b>Fees to auditors</b>	<b>249</b>	<b>364</b>
	<hr/>	<hr/>
Other services (other auditors)	0	0
<b>Other fees</b>	<b>0</b>	<b>0</b>
	<hr/>	<hr/>
	<b>249</b>	<b>364</b>
	<hr/>	<hr/>
<b>2 Profit/(loss) from investments in subsidiaries</b>		
Share of profit/(loss) in subsidiaries	70,101	50,986
Gains on deal disposals on interests in subsidiaries	-194	-25,452
	<hr/>	<hr/>
	<b>69,907</b>	<b>25,534</b>
	<hr/>	<hr/>
<b>3 Financial expenses</b>		
Financial expenses from Group enterprises	624	139
Interest expenses	1,059	0
Interest expenses preference shares	7,394	0
Other financial expenses	4,431	4,389
	<hr/>	<hr/>
	<b>13,508</b>	<b>4,528</b>
	<hr/>	<hr/>

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4 Income tax</b>		
<b>Current tax</b>		
Current tax on profit for the year	-1,097	-812
Adjustment in respect of prior years	0	0
Total current tax	<u>-1,097</u>	<u>-812</u>
<b>Deferred tax</b>		
Adjustment of deferred tax asset/liability	-307	-281
Adjustment of deferred tax asset/liability in respect of prior years	-250	0
Total deferred tax	<u>-557</u>	<u>-281</u>
Total income tax	<u><b>-1,654</b></u>	<u><b>-1,093</b></u>

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:

<b>Earnings before tax</b>	<b>38,031</b>	<b>20,563</b>
Income from equity method used towards subsidiaries	69,907	25,534
<b>Earnings before tax, Parent company</b>	<u><b>-31,876</b></u>	<u><b>-4,971</b></u>
Calculated tax at Danish statutory rate 22.0% in 2017 (22.0% 2016)	-7,013	-1,093
Adjustment in respect of prior years	-250	0
Income / expenses not subject to tax	5,609	0
<b>Tax charge</b>	<u><b>-1,654</b></u>	<u><b>-1,093</b></u>

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5 Investments in subsidiaries</b>		
<b>Cost price at 1 January</b>	<b>870,000</b>	<b>870,000</b>
Additions in the year	121,475	0
<b>Cost price at 31 December</b>	<b>991,475</b>	<b>870,000</b>
<b>Value adjustments at 1 January</b>	<b>-6,324</b>	<b>1,180</b>
Currency translation adjustment	-34,831	-35,027
Profit for the year after tax	70,101	50,986
Revaluations	-194	-25,452
Other adjustments	579	1,989
<b>Value adjustments at 31 December</b>	<b>29,331</b>	<b>-6,324</b>
<b>Carrying amount at 31 December</b>	<b>1,020,806</b>	<b>863,676</b>

## 6 Deferred tax assets and deferred tax liabilities

	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
<b>2017</b>							
<b>000'DKK</b>							
<b>Deferred tax beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-281</b>	<b>0</b>	<b>0</b>	<b>-281</b>
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
<b>Deferred tax end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-588</b>	<b>0</b>	<b>-250</b>	<b>-838</b>

### 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 general have a positive taxable income.

	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
<b>2016</b>							
<b>000'DKK</b>							
<b>Deferred tax beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Charge to the income statement	0	0	0	-281	0	0	-281
<b>Deferred tax end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-281</b>	<b>0</b>	<b>0</b>	<b>-281</b>

### Deferred tax is presented in the balance sheet as follows:

Deferred tax asset	281
Deferred tax liability	0
Deferred tax asset year end net	281

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

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>7 Other payables</b>		
Other accrued expenses	801	826
	<b>801</b>	<b>826</b>
<b>8 Change in working capital</b>		
Increase/decrease in receivables	0	35
Increase/decrease in trade payables etc.	-30	808
	<b>-30</b>	<b>843</b>
<b>9 Adjustments for non-cash items</b>		
Financial income and expenses	10,472	1,419
Profit from investments in subsidiaries	-69,907	-25,534
	<b>-59,435</b>	<b>-24,115</b>

In addition, a liability of DKK 121m 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
<b>1 January 2017</b>	<b>0</b>	<b>0</b>
Non-cash flows	121,475	<b>121,475</b>
Accrued interest	7,394	<b>7,394</b>
<b>31 December 2017</b>	<b>128,869</b>	<b>128,869</b>

## 11 Mortgages and collateral

As security for the Group's credit facilities, Wrist Ship Supply 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

The Company has entered into an indemnification 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 87.78 % by O.W. Lux SARL.



## 14 Preference shares

DKK'000	2017 DKK'00	2016 DKK'00
	<u>0</u>	<u>0</u>
<b>Preference shares at 1 January</b>	<b>0</b>	<b>0</b>
Additions on preference shares	121,475	0
Interest expenses preference shares	7,394	
	<hr/>	<hr/>
<b>Preference shares at 31 December</b>	<b><u>128,869</u></b>	<b><u>0</u></b>

In 2017 Wrist Ship Supply Holding A/S issued preference shares for the amount of DKK 125m. 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 2017 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 Group are identical (see note 25 for the Wrist Ship Supply Group) 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).

#### ***Critical accounting judgements***

As explained in note 1.2. to the consolidated financial statements, investors in preference

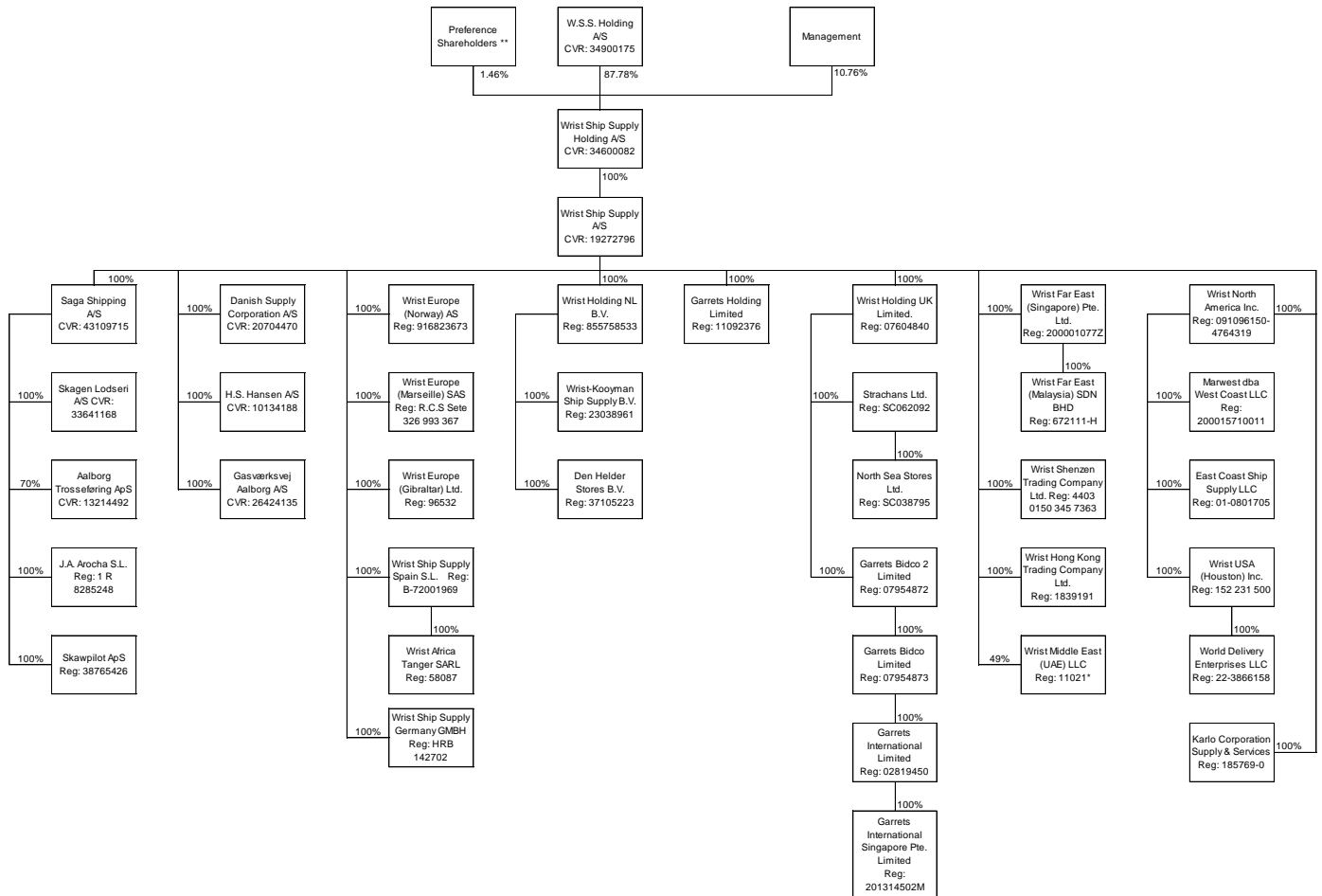
shares in the subsidiary Wrist Ship Supply Holding A/S has an option to put the preference shares to W.S.S. Holding A/S in case of certain events outside the control of W.S.S. Holding A/S. In addition W.S.S. Holding A/S shall indemnify and hold harmless the investors from and against any loss, liability, cost and expense ultimately suffered by the investors. The amount that W.S.S. Holding A/S may be liable to pay for the preference shares is the investors initial payment for the preference shares with the addition of accumulated compounding return to the extend not yet paid through distributions from the subsidiary.

Therefore, in the separate financial statements of W.S.S. Holding A/S, the gross liability is recognised at amortised cost plus accumulated undistributed compounding return. The initial recognition of the liability is recognised as an addition to investment in subsidiaries, and any repayment of the liability through distributions from the subsidiary to the investors in preference shares is conversely recognised as a repayment of the investment in subsidiary. The compounding return to the investors is recognised as a finance cost, and payment to the investors thereof through distributions is recognised as dividend from the subsidiary.

In applying the equity method to investments in subsidiaries, the parent entity recognises 100% of the profit or loss in the subsidiary.

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)

### **Tom Sten Behrens-Sørensen**

Born 1958, Danish.

Member of the Board of Directors since 2013.

Mr Behrens-Sørensen is a graduate from the A.P. Moller Shipping Academy and has also attended management courses at INSEAD and The Wharton School of the University of Pennsylvania.

Other duties:

- Behrens-Sorensen Advisory P/S, Denmark (C)
- Wrist Ship Supply A/S, Denmark (BM)
- Wrist Ship Supply Holding A/S, Denmark (BM)
- ECCO Sko A/S, Denmark (BM)

- China Merchants Group (BM), HongKong
- StormGeo A/S, Norway
- Odense Maritime Technology A/S, Denmark (VC)

### **Kurt Kokhauge Larsen**

Born 1945, Danish.

Member of the Board of Directors since 2010.

Mr Larsen is trained in freight management.

Other duties include:

- Wrist Ship Supply A/S, Denmark (BM)
- Wrist Ship Supply Holding A/S, Denmark (BM)
- W.S.S Holding A/S, Denmark (BM)
- Polaris III Invest Fonden, Denmark (C)
- DSV A/S, Denmark (C) and some subsidiaries

### **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)

## **Executive Board**

### **Robert Steen Kledal, CEO**

Born 1969, Danish.

Joined Wrist Ship Supply in 2010 as CEO.

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

### **Anders Skipper, Executive Vice President, CFO**

Born 1967, Danish.

Joined Wrist Ship Supply in 2011 as Executive Vice President, CFO.

### **Søren Juul Jørgensen, Executive Vice President, CCO**

Born 1974, Danish.

Joined Wrist Ship Supply in 1994, appointed Executive Vice President, CCO, in 2008.

*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 (87.49%), external investors (1.48%) and management investors (11.03%).

## Annual general meeting

The annual general meeting will be held on 14 March 2018 at the company's registered office.