MPWM 2014 A/S

ANNUAL CONSOLIDATED REPORT 2017

MPWM 2014 A/S

ØRBÆKVEJ 851

5863 FERRITSLEV, FYN

CENTRAL BUSINESS REGISTRATION NO. 35 84 67 35

The annual general meeting approved the annual report on 29 / 5 2018

Chairman

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Contents

Company Details

Company

MPWM 2014 A/S

Central Business Registration No. 35 84 67 35

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Financial year 1 January – 31 December (first financial year 8 May – 31 December 2014)

Board of Directors

Finn Junge Andersen, Chairman

Peter Schak Larsen, Deputy Chairman

Søren Klarskov Vilby

Birgit Elin Munck-Kampmann

Jens Flesner Kristiansen

Ib Thrane

Executive Board

Simon Hovgaard Clausen

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Statement by the Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the annual report of MPWM 2014 A/S for the financial year 1 January to 31 December 2017.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU. The parent financial statements are presented in accordance with 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 as well as of the results of their operations and cash flows for the financial year 1 January to 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.

Ferritslev, 29 May 2018

Executive Board

Simon Hovgaard Clausen

Board of directors

Finn Junge Andersen Chairman	Peter Schak Larsen Deputy Chairman	Søren Klarskov Vilby
Birgit Elin Munck-Kampmann	Jens Flesner Kristiansen	Ib Thrane

Independent Auditor's Report

To the shareholders of MPWM 2014 A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of MPWM 2014 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 are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group'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.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31-12-2017, and of the results of their operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the 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 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, as well as the preparation of parent financial statements that give a true and fair view in accordance with 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 audit of 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 the parent financial statements.

Independent Auditor's Report

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

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

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

Odense, 29-05-2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Lars Leopold Larsen

State-Authorised

Public Accountant

Identification number (MNE) mne33229

Management Commentary

Key figures

In thousands of DKK	2017	2016	2015	2014
Revenue	2.951.001	2.744.264	2.625.555	1.321.887
Operating profit	382.705	324.202	308.090	169.991
Net financials	-24.490	-15.616	-41.961	8.744
Profit for the year	278.032	248.820	214.479	142.097
Equity	2.005.198	1.737.150	1.523.800	1.323.623
Total Assets	4.045.363	3.773.099	3.621.485	3.538.675
Investments in tangible assets	377.220	327.084	227.306	106.798
Operating margin (%)	13,0	11,8	11,7	12,9
Return on investment (%)	11,7	9,6	9,7	5,4
Return on equity (%)	13,9	14,3	14,1	10,7
Equity ratio (%)	49,6	46,0	42,1	37,4

* Key figures contains 4 years due to business combination at 8 May 2014

Primary activities

We consider waste as a potential new resource.

We collect all types of waste, solid as liquid waste, from waste producers, and work constantly to be in control of as much as possible of the value adding chain of waste – from collecting waste to selling secondary resources – with respect of adding value to our customers and our owners.

Group activities include:

- Sorting, treatment and handling a series of different types of recyclable waste at our own waste management facilities.
- Trading of recyclable waste in the context of circular economy.
- Services concerning handling of waste and recyclables from the client to final recycling, utilisation, or disposal – that is consulting, renting of equipment, transport service, sludge service, management reporting and other types of reporting for clients within trade, industrial production, institutions, households and municipal recycling stations.
- In addition the Group executes contractor business and furthermore owns companies in Denmark, the Czech Republic and Slovakia primarily handling environmental activities.

Development in activities

The waste and recycling market for Marius Pedersen Group is competitive. The markets are grounded on the waste management act from EU and national legislation. New business opportunities arise from changes in waste law and change in the focus or numbers of the market players.

In 2017 result in Marius Pedersen A/S has been better than budget and significant better than 2016 due to actions taken during 2016 to improve result in several of our business lines on the Danish market. Among others we had focus on value adding sales activities in each business line, focus on productivity and efficiency and change of strategic focus from offering all services to offering the profitable services. Also we had focus to slim the organization and cutting costs.

In the markets in Czech Republic and Slovakia the activities and volumes in 2017 have been stable and the development has been satisfactory. During 2017 we experienced big increase in wages and salaries in Czech Republic and Slovakia both driven by government desire to raise minimum wages and salaries and also driven by high employment as well as high demand for employees in the two countries. These influences have led to more than 10% increase in wages and salaries in 2017 in Czech Republic and Slovakia and we haven't fully been able to pass on increase in these costs to our customers.

Management Commentary

Development in finances
Profit after tax for the financial year covering the period 1 January to 31 December 2017 is 278,0 MDKK which is an increase of 29,2 MDKK compared to 2016.

Operating profit is 382,7 MDKK which is MDKK 58,5 higher than 2016. Revenue is 2.951,0 MDKK in 2017 which is 206,7 MDKK higher than 2016.

Profit for the year has been better than expected in budget for 2017.

Profit for the year is considered satisfactory.

Financial reporting
The Group has decided to prepare a consolidated financial statement according to International Financial Reporting Standards (IFRS).

The Group has decided to prepare the financial statements for the parent company and the Group in English.

Particular risks

Financial risks and interest risks
The Group has a financial policy which operates with a low risk profile. This means that currency, interest and credit risk only occur based on commercial conditions.

The Group's use of derivative financial instruments is regulated by a written policy approved by the board of directors and internal procedures which among other things set maximum amounts allowed and which derivative financial instrument that can be used.

Currency risks
The Group's result from group enterprises is dependent on changes in exchange rates (CZK, EUR), due to the fact that the foreign group enterprises' results and equity at the end of the year are being converted into Danish kroner based on the average rate and the rate of the balance sheet date.

Business risks
The Group's most significant risks are linked to the ability of being strongly positioned on the activity areas on which the Group's services are directed. The Group continuously invests in new equipment and facilities to secure optimum utilization and efficiency.

Research and development
The Group is continuously developing products and service concepts. These are charged to the profit and loss account.

Events after the balance sheet date
To this date no events have occurred after the balance sheet date which influences the evaluation of this annual report.

Outlook
The Group expects a positive development in the activities, revenue and result. We expect revenue to be in the range of MDKK 2.975 to 3.050 and operating profit in the range of MDKK 385 to 410 in 2018. In first quarter of 2018 result is above budget.

Investment in the Group in 2017 has been on a historical high level and amounts to MDKK 377,2. In 2018 expectations for our activities in the three countries are that re- and new investments without acquisitions will remain on a relative high level and be around MDKK 418.

In the past we have made several acquisitions in Slovakia, Czech Republic and Denmark and we still are interested in and aware of potential acquisition opportunities in the three countries.

Corporate Social Responsibility

Corporate Social Responsibility according to Danish Financial Statements Act § 99a
From the full spectrum of general CSR topics available, we choose to work with topics that are particularly relevant to our industry, assessed in terms of our main impacts and the importance of those topics to our shareholders.

In order to promote environmental and safety conscience in general the Group is educating and creating awareness among its employees for them to take responsibility for environment, health and safety.

Environment and climate
The Group acts in accordance with current environmental and safety legislations which help to create a healthy and safe environment.

The Group's activities cover environmental services related to transforming waste into a resource with a focus on recycling. In 2017 Marius Pedersen A/S participates in the governments Advisory Board of Circular Economy with the aim to improve Circular Economy and reduce unnecessary administration. This has resulted in visions, goals and 27 specific recommendations on how to make Denmark switch from linear to circular economy.

The Group continuously evaluates the total activities in order to constantly reduce the environmental impact. Business relations are also encouraged to choose systems or products that secure the highest possible amount of recycling or reduction in the use of natural resources.

The Group's ISO-14001 certification covers all environmental activities of the Group. The Group is also ISO-9001 certified.

Activities and performance in 2017
The Group is actively working to promote the environmental policy:

- To ensure that we apply to the conditions set out in our environmental authorizations. This is done by; ensuring that all necessary employees have knowledge of the conditions of the environmental authorizations. Evaluating the environmental authorizations regularly. Continuously contact with the local environmental authorities.

- To affect the environment least possible including minimizing the energy consumption while handling product volumes on our plants. In 2017 there have been measurements of production and waiting time on the plants in order to react on deviations. A quarterly report is send to all involved employees. The goals have been achieved.

- To ensure that transport has the least possible impact on the environment, e.g. the trucks are continuously having installed speed limiter and stop at engine idling, as are the drivers trained in fuel efficient driving. In 2017 new trucks have been acquired with fuel saving engines.

- Fuel consumption is monitored on both department and truck-level. In 2017 KPI's have been implemented for better analysis of fuel consumption and utilisation of trucks

- The Group's environmental organization works dedicated towards improving the environmental performance. It is an ongoing process, connected to the authorizations, dealing with deviations and causal explanation.

- In 2017 the environmental organisation has been preparing implementation of ISO9001:2015 and ISO14001:2015.

We will continue promoting environment.

Human Rights and Labour Rights
The Group wants at all times to support and respect internationally declared Human Rights and Labour Rights. The policy specifically covers human resources as well as health and safety issues.

The Group acknowledges the employees freedom of association and collective agreements. Child labour and discrimination of employees are not accepted. All employees are being paid according to Danish terms and conditions of employment. The HR department oversees that all agreements and legislation are being kept.

The Group also follows the conventions of ILO that are incorporated into Danish legislation including ILO94.

Activities and performance in 2017
Through development and maintenance of the employees' knowledge and skills, the Group ensures a high level of efficiency. This promotes creation of innovative products and services and their capability to be competitive in the selected markets.

- The necessary qualifications are insured through a purposive education of the employees, as well as through co-operation with external parties, among these knowledge institutions.

- In 2017 drivers have been attending the "every 5 year statutory driver's education".

- In 2017 white collar employees have been attending seminars in Excel and customer service.

- There are trainees employed within the Group, both blue and white collar.

- The drivers are systematically thoroughly being introduced when they are transferred to new tasks. The introduction both consists of documents and video sequences.

Health and Safety
The Group is actively working to promote the health and safety policy:

- Work related accidents are systematically registered and the causes are analysed. When necessary actions are taken in order to prevent future accidents. In 2017 work related accidents have fallen slightly compared to 2016 and also show a falling tendency through the last 5 years.

- Employees are instructed and trained in safe behaviour as well as potential hazards and risks of the work they are to carry out. This is an ongoing process in the departments.

- The health and safety representatives are representing the geography and activity of the Group. Every year a plan is prepared concerning competency development within the work environment organization. In 2017 the focus areas were;
    - Improvement of the contingency plan with focus on overview, test and evaluation
    - Standardization of signposting and safety instruction at our sites
    - Focus on personal protective equipment through instructions and job description

- Every year white collar employees are attending employee development interview with their manager. These interviews result in individual action plans dealing with competency development and satisfaction with the job.

- Goals are set for employee absence and the level of absence continues to be satisfactory. Individual interviews are being conducted with employees with high absence with the purpose of reducing their absence.

We will continue promoting health and safety within the organization.

Anti Corruption
The Group does not offer, receive or accept any sort of corruption or bribery. The control is incorporated into the general financial controls and it has not given any reason of concern in 2017.

Gender composition in the Top Management Body according to Danish Financial Statements Act § 99b
At any time the Group aims to have a harmonious and competent management. The composition of management always takes into account the characteristics and capabilities of each member of the management and how they can positively contribute to the Group.

Policy and Action
The Group's employees should all feel that they have the same opportunities for career and management positions regardless of gender. The employees should feel that the Group has an open and unbiased culture in which the individual can exploit its skills in the best possible way regardless of gender.

At any time the Group aims to have a harmonious and competent management at all levels of the organization therefore occupation of management positions take into account the candidate's qualifications and competencies relevant to the responsibility. A management position in the organization will always be filled with the best candidate based on an overall assessment.

At appointment of management positions the Group will aim to invite at least one candidate of the underrepresented gender if the candidate has the desired and required qualifications.

Top Management Body (Board of Directors)
The Group has a professional Board of directors and the aim over the next year is to have a gender distribution of 30/70 % in the Top Management Body.

At the moment the gender distribution is 16,7/83,3%. The Board of directors has been expanded by one member since 2016 and the best candidate was male.

Top Management
The aim over the next year is to maintain a gender distribution of 50/50% in the Top Management.

Other Management
The aim over the next year is to have a gender distribution of 25/75% in the Group's management team.

In 2017 the gender distribution of the management team is 13,3/86,7%. It is unchanged since 2016.

Section Corporate Social Responsibility regards only Danish companies. Intention of the Group is where possible to include companies in Czech Republic and Slovakia in future.

Consolidated Statement of Comprehensive Income

1 January - 31 December *In thousands of DKK*	Note	2017	2016
Revenue	6	2.951.001	2.744.264
Direct production costs	7, 8	1.962.595	1.812.924
Contribution margin		**988.406**	**931.340**
Other production costs	7, 8	452.348	437.663
Gross profit		**536.058**	**493.677**
Distribution costs	7, 8	94.095	96.395
Administrative costs	7, 8	67.105	78.635
Other operating income and expenses	9	5.762	3.042
Equity-accounted investees	10	2.085	2.513
Operating profit		**382.705**	**324.202**
Income from financial investments and securities	11	-12	-12
Financial income	12	2.095	3.691
Financial expenses	13	26.573	19.295
Profit before tax		**358.215**	**308.586**
Taxation on profit for the financial year	14	80.183	59.766
Profit for the year		**278.032**	**248.820**
Items that can be reclassified to profit or loss:			
Foreign exchange adjustments of subsidiaries		29.257	-4.110
Total comprehensive income for the year		**307.289**	**244.710**
Profit for the year attributable to:		**278.032**	**248.820**
Attributable to: Non-controlling interest		30.688	29.624
Attributable to: Owner of the parent		**247.344**	**219.196**
Total comprehensive income for the year attributable to:		**307.289**	**244.710**
Attributable to: Non-controlling interest		38.979	29.624
Attributable to: Owner of the parent		**268.310**	**215.086**

Consolidated Statement of Financial Position

31 December *In thousands of DKK*	**Note**	**2017**	**2016**
Assets			
Property, plant and equipment	15	1.538.298	1.415.007
Goodwill and other intangible assets	16	1.450.408	1.437.172
Equity accounted investees	10	5.733	5.695
Securities	17	222	222
Trade and other receivables	18	3.178	3.027
Cash on escrow accounts	19	293.316	263.510
Deferred tax assets	20	69.372	62.554
Total non-current assets		**3.360.527**	**3.187.187**
Inventories	21	36.387	34.852
Trade and other receivables	18	484.579	471.833
Tax receivables		15.141	14.849
Other assets		149	1.480
Cash and cash equivalents		148.580	62.898
Total current assets		**684.836**	**585.912**
Total assets		**4.045.363**	**3.773.099**
Equity			
Share capital	22	100.000	100.000
Other reserves		37.265	16.301
Retained earnings		1.691.390	1.454.046
Issued capital and reserves attributable to owners of the parent		**1.828.655**	**1.570.347**
Non-controlling interest	22	176.543	166.803
Total equity		**2.005.198**	**1.737.150**
Liabilities			
Provisions	24	471.475	442.915
Deferred tax liabilities	20	67.008	61.403
Interest-bearing loans and borrowings	23	0	535.567
Other non-current liabilities		6.050	5.611
Total non-current liabilities		**544.533**	**1.045.496**
Trade and other payables	25	404.342	415.211
Interest-bearing loans and borrowings	23	1.075.647	562.107
Provisions	24	13.239	11.366
Current tax payables		2.404	1.769
Total current liabilities		**1.495.632**	**990.453**
Total liabilities		**2.040.165**	**2.035.949**
Total equity and liabilities		**4.045.363**	**3.773.099**

Consolidated Statement of Changes in Equity

In thousands of DKK	Share capital	Other reserves	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2016	**100.000**	**20.411**	**1.234.850**	**168.539**	**1.523.800**
Profit for the year	0	0	219.196	29.624	248.820
Other comprehensive income:					
Foreign exchange adjustments	0	-4.110	0	0	-4.110
Total comprehensive income	**0**	**-4.110**	**219.196**	**29.624**	**244.710**
Dividend paid	0	0	0	-31.360	-31.360
Changes in equity	**0**	**-4.110**	**219.196**	**-1.736**	**213.350**
Balance at 31 December 2016	**100.000**	**16.301**	**1.454.046**	**166.803**	**1.737.150**
Balance at 1 January 2017	**100.000**	**16.301**	**1.454.046**	**166.803**	**1.737.150**
Profit for the year	0	0	247.344	30.688	278.032
Other comprehensive income:					
Foreign exchange adjustments	0	20.964	0	8.293	29.257
Total comprehensive income	**0**	**20.964**	**247.344**	**38.981**	**307.289**
Dividend paid	0	0	-10.000	-29.241	-39.241
Changes in equity	**0**	**20.964**	**237.344**	**9.740**	**268.048**
Balance at 31 December 2017	**100.000**	**37.265**	**1.691.390**	**176.543**	**2.005.198**

Consolidated Statement of Cash Flows

1 January - 31 December *In thousands of DKK*	Note	2017	2016
Operating profit/loss		**382.705**	**324.202**
Amortisation, depreciation and impairment losses		283.547	249.929
Other provisions		1.903	-6.830
Working capital changes:			
Change in inventory		-1.525	-2.659
Change in trade receiveables		-10.710	-64.345
Change in trade payables		-11.185	96.268
Profit/Loss on disposals of property, plant and equipment	9	-6.136	-7.043
Foreign exchange adjustments of subsidiaries		22.330	2.410
Increase/decrease in escrow accounts		-29.806	-11.559
Cash flow from ordinary operating activities		**631.123**	**580.373**
Financial income received	12	2.095	3.691
Financial income paid	13	-26.573	-19.295
Income taxes refunded/(paid)		-77.967	-65.166
Cash flows from operating activities		**528.678**	**499.603**
Acquisition etc of intangible assets	16	-6.683	0
Sale of intangible assets		1.559	0
Acquisition etc of property, plant and equipment	15	-377.220	-353.858
Sale of property, plant and equipment		25.131	22.795
Acquisition of enterprises		-6.642	-42.077
Cash flows from investing activities		**-363.855**	**-373.140**
Repayments on loans etc		-109.549	-104.506
Dividend paid		-39.241	-31.360
Cash flows from financing activities		**-148.790**	**-135.866**
Increase/decrease in cash and cash equivalents		**16.033**	**-9.403**
Cash and cash equivalents beginning of year		-392.096	-382.693
Cash aquired by acquisitions	29	165	0
Cash and cash equivalents end of year		**-375.898**	**-392.096**
Cash and cash equivalents at year-end are composed of:			
Cash		148.580	62.898
Short-term debt to banks		-524.478	-454.994
Cash and cash equivalents end of year		**-375.898**	**-392.096**

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. General information

MPWM 2014 A/S is founded as at 8 May 2014 and the activity has started 27 June 2014 by the acquisition of the shares in Marius Pedersen Holding A/S.

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and requirements of the Danish Financial Statements Act.

b) Basis of measurement

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

c) Functional and presentation currency

The consolidated financial statements are presented in Danish kroner (DKK), which is the presentation currency for The Group's operations and the functional currency for the parent company. The currency is rounded to the nearest thousand (further described as "thousands DKK").

d) Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 15 – Property, plant and equipment
- Note 16 – Goodwill
- Note 18 – Trade and other receivables
- Note 24 – Provisions

Impairment of property, plant and equipment

Factors considered important, as part of an impairment review, include the following:

- Technological advancements
- Significant underperformance relative to expected historical or projected future operating results
- Significant changes in the manner of our use of the acquired assets or the strategy for our overall business

When The Group determines that the carrying value of non-current assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, any impairment is measured based on our estimates of projected net discounted cash flows expected to result from that asset, including eventual disposition. Our estimated impairment could prove insufficient if our analysis overestimated the cash flows or conditions change in the future.

Recoverable amount of goodwill

Determining any need for impairment write-down of recognised goodwill requires a calculation of the values in use of the cash-generating units to which the goodwill amounts have been allocated. The calculation of value in use requires an estimate of the expected future cash flows of each cash-generating unit and the determination of a discount rate. For a detailed description of discount rates etc. see note 16.

Allowance for bad and doubtful debts

Receivables are decreased by write-downs for any amounts expected to be irrecoverable. The Group evaluates the recoverability of receivables based on the aging structure as well as an individual case-by-case assessment.

Provisions for restoration and monitoring of landfills

Provisions for restoration and monitoring of landfills are based on Group's assessment of future cost and its timing. The individual amounts are increased by expected inflation and discounted to the financial statements date. The discount rates used are based on the yield of government bonds with maturities similar to the timing of the restoration and monitoring costs.For a detailed escription of discount rates etc. see note 24.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements were prepared using the going concern assumption that the Group will continue its operations for the foreseeable future.

a) Basis for consolidation

The Group consolidates financial statements of all its subsidiaries and joint ventures.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The Group's interests in equity-accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets, rather than rights to its assets and obligations for its liabilities. Joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the subsidiary, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over The Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired. When the excess is negative, it is recognised immediately in profit or loss. Goodwill is subsequently measured at cost less accumulated impairment losses (see accounting policy g). For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. As required by IAS 36 and IFRS 3, the impairment of goodwill is tested 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 the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the goodwill and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary the amount of goodwill which is attributable is included in the profit or loss on disposal.

The profit or loss of consolidated subsidiaries is included in the consolidated statement of comprehensive income only for periods after the date of acquisition. Accordingly, the consolidated financial statements do not include any income, cash flows or other transactions of subsidiaries before the acquisition date.

All transactions, balances, and unrealised profits and losses on transactions within the Group have been eliminated upon consolidation.

Foreign currency translation of foreign entities.

A functional currency is designated for each of the reporting entities in the Group. The functional currency is the currency used in the primary economic environment in which the reporting entity operates.

Transactions denominated in currencies other than the functional currency are transactions in foreign currency. On initial recognition, transactions denominated in foreign currency are translated into the functional currency at the exchange rate at the transaction date. Gains and losses arising between the rate at the transaction date and the rate at the date of payment are recognised in the statement of comprehensive income under financial income and expenses, net. Receivables, payables and other monetary items denominated in foreign currency are translated into the functional currency at the exchange rate at the balance sheet date. Differences between the rate at the balance sheet date and the rate at the transaction date or the exchange rate stated in the latest annual report are recognised in the statement of comprehensive income under financial income and expenses, net. On recognition of foreign subsidiaries and associates with functional currencies other than DKK, comprehensive income statement items are translated at the rate at the transaction date, and balance sheet items including goodwill are translated at the rate at the balance sheet date. The rate at the transaction date is calculated as the average rate of the individual month to the extent that this does not significantly distort the presentation.

Foreign exchange differences arising on the translation of opening equity of these entities at the rate at the balance sheet date and on the translation of comprehensive income statement items from average rates to the rate at the balance sheet date are recognised in the consolidated financial statements in other comprehensive income in equity as a separate translation reserve. On full divestment of a foreign entity, the part of accumulated foreign exchange adjustment that is recognised in equity and that is attributable to that entity is recognised in profit/loss for the year together with any gains or losses from the divestment.

b) Foreign currency

Transactions in foreign currencies are translated to DKK at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the original transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in profit or loss.

c) Financial instruments

i. Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred

Financial assets that are created or retained by the Group are recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables, cash on escrow accounts and cash and cash equivalents.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses (see accounting policy g).

Loans and receivables comprise trade and other receivables.

Cash on escrow accounts comprise cash balances mostly with maturities of one year and longer. The use of these balances is limited by waste management legislation in Czech Republic and Slovakia mainly to payment for restoration and monitoring of waste sites.

Cash and cash equivalents comprise cash balances with original maturities of three months or less. Bank overdraft facilities that are repayable on demand and form an integral part of The Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

ii. Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, The Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: interest bearing loans and borrowings, bank overdraft facilities, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

d) Property, plant and equipment

i. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy g). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "Other operating income and expenses" in Consolidated Statement of Comprehensive Income.

ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation of waste sites is recognised in profit or loss based on the capacity used. Depreciation of other assets is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

- Buildings 20 - 50 years
- Machinery and equipment 3 - 10 years
- Other tangible assets 3 - 10 years

Depreciation methods and useful lives, as well as residual values, are reassessed at each financial year-end and adjusted if appropriate.

e) **Other intangible assets**

i. Measurement

Other intangible assets comprise mainly software acquired by the Group and are stated at cost less accumulated amortisation (see below) and accumulated impairment losses (see accounting policy g).

ii. Amortisation

Amortisation of other intangible assets is charged to the profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful life of software is 4 years.

f) **Inventories**

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average cost formula and includes expenditure incurred in acquiring the inventories production or conversion costs and other cost incurred bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

g) **Impairment**

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (see accounting policy f) and deferred tax assets (see accounting policy m), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of the assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses in respect of goodwill are not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Dividends

Dividends are recognised as a liability in the period in which they are declared.

i) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

j) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Revenues from services rendered are recognised in profit or loss when performed.

k) Expenses

i. Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

ii. Finance costs and finance income

Finance costs and finance income comprise interest expense on borrowings calculated using the effective interest rate method, interest income on funds invested, foreign exchange gains and losses, and gains and losses on derivative instruments that are recognised in the profit or loss.

Interest income and expense are recognised in the profit or loss as they accrue, using the effective interest rate method.

l) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit are not provided for. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Joint taxation contributions payable and receivable are recognised as income tax in the balance sheet of the parent company.

m) New financial reporting standards and interpretations in 2017

MPWM 2014 A/S has implemented all new and revised financial reporting standards and interpretations adopted by the EU that are effective financial years beginning on or after 1 January 2017. MPWM 2014 A/S has assessed that they are either not relevant to the Group or the parent company, or not of significant importance.

New standards and interpretations not yet adopted

The IASB has issued a number of financial reporting standards, amendments and interpretations with which the Group and the parent company must comply for financial years beginning on or after 1 January 2018.

The financial reporting standards, amendments and interpretations that have not yet come into force are not considered to significantly affect the consolidated financial statements or the parent company in future financial years.

IFRS 9 “Financial Instruments” which replaces IAS 39, changes the classification and subsequent measurement of financial assets and liabilities. The standard introduces a more logical approach to classification of financial assets based on the business model applied in the entity and the characteristics of the underlying cash flows. The standard also introduces a new impairment model for all financial assets.

IFRS 15 “Revenue from Contracts with Customers” which replaces the current standards (IAS 11 and IAS 18) and interpretations introduces a new framework for recognition and measurement of revenue from contracts with customers. The new standard provides a five-step model to be applied to all contracts with customers to determine when and how revenue is to be recognised in profit and loss.

Under IFRS 16 “Leases”, replacing IAS 17, largely all leases must be recognised in the balance sheet of the lessee’s financial statements in the form of a lease obligation and an asset representing the lessee’s right to use the underlying asset. Operation leases and finance leases are no longer distinguished from one another.

The Group is going to implement IFRS 16 in the financial year 2019 by using the easier transitional conditions according to which it is not necessary to adjust the comparatives and the effect from the implementation is being booked in retained earnings as per 1 January 2019. It is also expected that the Group will take use of the other possible special conditions as far as possible. Including leased assets with a low value and lease contracts with remaining contract period of less than 12 months as per 1 January 2019.

As per 31 December 2017 the Group has made lease contracts that are categorised as operationally lease according to IAS 17. The total future minimum lease amount in connection with interminable lease contracts is MDKK 36 (see note 27) which is not booked in the Balance Sheet. A preliminary analysis also shows that these will fulfill the definition of lease contracts according to IFRS 16. The Group will therefore include an asset and related liability concerning these as per 1 January 2019 unless they meet the conditions regarding assets with a low value or remaining contract period of less than 12 months.

The management has not yet finished the analysis concerning the effect of IFRS 16 for the consolidated financial statement but expects an effect on balance sheet MDKK 63, EBITDA increase by MDKK 6 and no effect on net profit as well as related Key figures. The effect as per 1 January 2019 will not exactly match the mentioned future minimum lease.

IFRS 9 and IFRS 15 are effective for financial years beginning on or after 1 January 2018, and IFRS 16 is effective from financial years beginning on or after 1 January 2019.

4. Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value of trade and other receivables, cash and cash equivalents and non-derivative financial liabilities does not significantly differ from their carrying amounts.

5. Risk management

Overview

The Group has exposure to the following risks from its use of financial instruments and from its operations:

- credit risk
- liquidity risk
- market risk
- currency risk
- interest rate risk
- operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Directors monitor compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

The maximum exposure to credit risk is represented by the carrying amount of all financial assets in the statement of financial position.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with counterparties recommended by headquarter based on their sound credit ratings. Given their high credit ratings, management does not expect any counterparty to derivative transactions to fail to meet its obligations. For the time being the Group does not use derivative financial instruments.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Group ensures that it has sufficient cash on demand or undrawn overdraft facility to meet expected operational expenses for a period of at least 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is not exposed to significant foreign currency risk on sales and purchases.

The Group is exposed to currency risk regarding investments in subsidiaries in Slovakia (EUR) and especially in Czech Republic (CZK).

Interest rate risk

The Group's operating revenues and operating cash flows are assessed not to be significantly affected by interest changes with the current market conditions. The Group has no significant interest bearing asset. The Group has overdraft facility portfolio with floating interest rates (see Note 23).

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the operations of the Group.

The objective of the Group is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to Directors and senior management. This responsibility is supported by the development of overall Group standards for the management of operational risk.

Capital management

The Group defines capital as its Equity. The Group's policy is to maintain a strong capital base so as to sustain future development of the business. The Group's needs for the capital are satisfied through borrowings and not through changes in share capital. The Group does not provide any employees shares.

There were no changes in the Group's approach to capital management during the period.

The Group is not subject to externally imposed capital requirements.

Financial highlights

Operating margin (%)	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on investment (%)	$\frac{\text{Operating profit x 100}}{\text{Operationally assets}}$
Return on equity (%)	$\frac{\text{Profit for the year x 100}}{\text{Equity}}$
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$

Operationally assets are defined as balance Sheet total minus cash funds, interest bearing assets (including shares) and investments in associate enterprises.

Notes to the Consolidated Financial Statements

6. Revenue

In thousands of DKK	**2017**	**2016**
Collection local authorities	947.707	829.111
Collection commercial	1.282.936	1.207.462
Sorting	474.753	481.817
Landfill	162.967	160.336
Other	82.638	65.538
	2.951.001	**2.744.264**

7. Amortisation, Depreciation and Impairment

In thousands of DKK	**2017**	**2016**
Amortisation, depreciation and impairment losses of non-current assets are specified as follows:		
Amortisation, intangible assets	7.335	7.514
Depreciation, property, plant and equipment	276.212	242.318
	283.547	**249.832**
Amortisation, depreciation and impairment losses of non-current assets have been expensed as follows:		
Direct and other production costs	279.475	245.541
Distribution costs	2.884	2.979
Administrative costs	1.188	1.312
	283.547	**249.832**

8. Staff Costs

In thousands of DKK	**2017**	**2016**
Staff costs are specified as follows:		
Wages and salaries, etc.	710.319	697.393
Pension schemes	33.531	36.092
Other social security expenses	123.669	110.131
Grants/refunds (-)	-4.321	-4.802
	863.198	**838.814**
Attributable to:		
Executive board	6.965	13.164
Board of directors	2.025	6.276
Average number of employees	**4.708**	**4.678**

Staff costs have been expensed as follows:

In thousands of DKK	**2017**	**2016**
Direct and other production costs	753.200	714.626
Distribution costs	62.308	65.542
Administrative costs	47.690	58.646
	863.198	**838.814**

Notes to the Consolidated Financial Statements

9. Other operating income and expenses

In thousands of DKK	2017	2016
Loss or gain on disposal	6.136	-97
Other operating income and expenses	-374	3.139
	5.762	**3.042**

10. Equity accounted investees

The company owns shares in two companies that represent separate entities and the Group has a residual interest in their net assets. The interests are classified as joint ventures. The following table analyses the aggregated financial information of both investees as included in their own individual financial statements adjusted for differences in accounting policies.

In thousands of DKK	2017	2016
Non current assets	9.530	9.055
Current assets	11.873	10.824
Non-current liabilities	0	-7.524
Current liabilities	0	-2.691
Net assets (100%)	**21.403**	**9.664**
Group's share on assets	5.733	5.695
Carrying amount of interest in joint venture	**5.733**	**5.695**
Revenue	23.229	22.645
Depreciation	-795	-758
Income tax expense	0	-1.271
Profit and total comprehensive income (100%)	**3.586**	**4.335**
Group's share of profit and total comp. income	2.085	2.513
Dividends received by the Group	**2.055**	**1.792**

11. Income from financial investments and securities

In thousands of DKK	2017	2016
Adjustment from shares	-12	-12
	-12	**-12**

12. Financial income

In thousands of DKK	2017	2016
Interest income from receivables	909	990
Other interest income	1.186	2.701
	2.095	**3.691**

13. Financial expenses

In thousands of DKK	2017	2016
Unwinding of discount of long-term provisions	6.959	3.358
Bank debt	5.021	5.235
Exchange rate adjustments	3.258	788
Other interest expenses	11.335	9.914
	26.573	**19.295**

Notes to the Consolidated Financial Statements

14. Taxation on profit for the financial year

In thousands of DKK	**2017**	**2016**
Tax on profit for the year	80.183	59.766
	80.183	**59.766**
Tax on profit has been calculated as follows		
Current tax	75.478	58.314
Change in deferred tax	1.919	1.252
Adjustment concerning previous years	2.786	200
	80.183	**59.766**

Income tax reconciliation

In thousands of DKK	**2017**	**2016**
Profit before tax	358.215	308.586
Tax charged at 22 % / 23,5%	78.807	67.889
Adjustment of tax calculated for foreign subsidiaries in relation to 22%	-5.446	-5.990
Tax effect of:		
Non-taxable income and non-deductible expenses	4.062	-2.352
Adjustment of previous years and withholding tax	2.760	219
	80.183	**59.766**
Effective tax rate	**22,4%**	**19,4%**
Total income tax recognised directly in equity	**6.866**	**0**

Notes to the Consolidated Financial Statements

15. Property, plant and equipment

In thousands of DKK	Land and buildings	Machinery and equipment	Other tangible assets	Under con-struction	Total
Cost					
Balance at 1 January 2016	**755.498**	**771.669**	**31.899**	**33.312**	**1.592.378**
Exchange rate adjustments	-4.677	-4.428	-244	-120	-9.469
Acquisitions	37.983	245.108	7.060	36.933	327.084
Acquisitions as part of business combination	46.960	34.557	1.772	177	83.466
Transfer	20.589	9.918	1.342	-18.892	12.957
Disposals	-6.044	-140.368	-6.412	0	-152.824
Balance at 31 December 2016	**850.309**	**916.456**	**35.417**	**51.410**	**1.853.592**
Depreciation and impairment losses					
Balance at 1 January 2016	**103.771**	**189.241**	**8.665**	**0**	**301.677**
Exchange rate adjustments	-2.820	-3.241	-174	0	-6.235
Depreciation charged for the period	58.189	175.646	8.580	0	242.415
Depreciation as part of business combination	3.818	17.248	1.589	0	22.655
Transfer	12.957	0	0	0	12.957
Disposals	-3.670	-125.956	-5.258	0	-134.884
Balance at 31 December 2016	**172.245**	**252.938**	**13.402**	**0**	**438.585**
Carrying amounts					
At 1 January 2016	651.727	582.428	23.234	33.312	1.290.701
At 31 December 2016	678.064	663.518	22.015	51.410	1.415.007
Cost					
Balance at 1 January 2017	**850.309**	**916.456**	**35.417**	**51.410**	**1.853.592**
Exchange rate adjustmentssw	53.934	62.349	3.600	1.593	121.476
Acquisitions	31.576	304.803	12.520	28.321	377.220
Acquisitions as part of business combination	1.307	1.212	340	100	2.959
Transfer	7.735	8.566	2.530	-18.831	0
Disposals	-4.421	-129.614	-11.788	-11.819	-157.642
Balance at 31 December 2017	**940.440**	**1.163.772**	**42.619**	**50.774**	**2.197.605**
Depreciation and impairment losses					
Balance at 1 January 2017	**172.245**	**252.938**	**13.402**	**0**	**438.585**
Exchange rate adjustments	34.075	46.331	2.751	0	83.157
Depreciation charged for the period	64.956	203.167	8.089	0	276.212
Disposals	-3.427	-123.884	-11.336	0	-138.647
Balance at 31 December 2017	**267.849**	**378.552**	**12.906**	**0**	**659.307**
Carrying amounts					
At 1 January 2017	678.064	663.518	22.015	51.410	1.415.007
At 31 December 2017	672.591	785.220	29.713	50.774	1.538.298

Property, plant and equipment have been insured against natural risks, theft and vandalism. Mortgage and securities – see note 27.

Notes to the Consolidated Financial Statements

16. Goodwill and other intangible assets

In thousands of DKK	Software	Other intangible assets	Goodwill	Under con-struction	Total
Cost					
Balance at 1 January 2016	**18.647**	**12.724**	**1.384.805**	**521**	**1.416.697**
Exchange rate adjustments	-104	-73	-820	0	-997
Acquisitions	2.746	28	24.000	0	26.774
Acquisitions as part of business combination	153	0	13.088	0	13.241
Transfer	110	1	0	-521	-410
Disposals	-166	0	0	0	-166
Balance at 31 December 2016	**21.386**	**12.680**	**1.421.073**	**0**	**1.455.139**
Depreciation and impairment losses					
Balance at 1 January 2016	**6.495**	**4.088**	**0**	**0**	**10.583**
Exchange rate adjustments	-69	-45	0	0	**-114**
Amortisation charged for the period	5.202	2.312	0	0	7.514
Amortisation as part of business combination	153	0	0	0	153
Disposals	-169	0	0	0	-169
Balance at 31 December 2016	**11.612**	**6.355**	**0**	**0**	**17.967**
Carrying amounts					
At 1 January 2016	**12.152**	**8.636**	**1.384.805**	**521**	**1.406.114**
At 31 December 2016	**9.774**	**6.325**	**1.421.073**	**0**	**1.437.172**
Cost					
Balance at 1 January 2017	**21.386**	**12.680**	**1.421.073**	**0**	**1.455.139**
Exchange rate adjustments	771	281	12.326	0	13.378
Acquisitions	6.683	0	0	0	6.683
Acquisitions as part of business combination	1.124	313	2.578	0	4.015
Disposals	-92	0	-1.560	0	-1.652
Balance at 31 December 2017	**29.872**	**13.274**	**1.434.417**	**0**	**1.477.563**
Depreciation and impairment losses					
Balance at 1 January 2017	**11.612**	**6.355**	**0**	**0**	**17.967**
Exchange rate adjustments	1.361	585	0	0	1.946
Amortisation charged for the period	5.922	1.413	0	0	7.335
Disposals	-93	0	0	0	-93
Balance at 31 December 2017	**18.802**	**8.353**	**0**	**0**	**27.155**
Carrying amounts					
At 1 January 2017	**9.774**	**6.325**	**1.421.073**	**0**	**1.437.172**
At 31 December 2017	**11.070**	**4.921**	**1.434.417**	**0**	**1.450.408**

Goodwill

Goodwill has been allocated to the following segments, which represent the primary cash-generating units:

- Denmark 396 million
- Czech Republic 849 million
- Slovakia 189 million

Total 1.434 million

Based on expected future net cash flows, management believes that the carrying amount of goodwill will not significantly exceed the recoverable amount. The estimate is based on the results achieved and the expected level of future earnings.

The recoverable amount is based on the value in use determined by means of expected net cash flows on the basis of approved budgets for 2018 and forecasts for the period 2019-2022 and by using a pre-tax discount rate of 6,5% which takes into account the specific risks characterising the actual markets. The calculation beyond 2022 is based on a growth rate of 2% per year.

17. Securities

In thousands of DKK	2017	2016
Securities are classified in the statement of financial position as follows		
Non-current assets	222	222
Current assets	0	0
Total	**222**	**222**
Types of security:		
Listed shares	0	0
Unlisted shares	222	222
Total	**222**	**222**

18. Trade and other receivables

In thousands of DKK	2017	2016
Trade receivables	471.239	454.611
Loans	1.125	3.991
Other receivables	34.741	35.599
Less: Allowance for bad and doubtful debts	-19.348	-19.341
	487.757	**474.860**
thereof:		
Due after more than 1 year	**3.178**	**3.027**
Due within 1 year	**484.579**	**471.833**

The aging of trade receivables that are subject to credit risk is as follows:

In thousands of DKK	2017	2016
Not yet due	402.943	380.144
Overdue by less than 1 month	80.608	81.709
Overdue by 1 to 3 months	12.254	10.525
Overdue by 3 to 6 months	1.507	4.319
Overdue by 6 to 12 months	1.689	2.525
Overdue by more than 12 months	8.103	14.978
	507.105	**494.201**

Roll-forward of allowance for bad and doubtful debt

In thousands of DKK	2017	2016
Balance at beginning of the year	-19.341	-20.065
Opening value adjustments	0	-205
Exchange rate adjustments	-266	55
Impairment losses	-2.545	-4.288
Discounting of long-term receivables / (unwinding of interest)	0	37
Use of allowance	946	924
Impairment reversals	1.858	4.201
Balance at 31 December	**-19.348**	**-19.341**

19. Cash on escrow accounts

Cash on escrow accounts comprise cash balances mostly with maturities of one year and longer. The use of these cash balances are limited by waste management legislation in Czech Republic and Slovakia mainly to payment for restoration and monitoring of landfills as shown in note 24.

20. Deferred tax assets and liabilities

In thousands of DKK	Property, plant and equipment	Goodwill and intangible assets	Receivables	Provisions	Tax losses	Total
Deferred tax at 1 January 2016	**30.044**	**6.407**	**-1.305**	**-40.992**	**-552**	**-6.398**
Opening balance adjustments	-318	0	-15	-51	0	-384
Foreign exchange adjustments	-24	1	6	197	3	183
Adjustments due to changes in estimates	7.500	0	0	0	-3.304	4.196
Recognised in profit for the year, net	5.302	32	-290	-2.705	-1.087	1.252
Deferred tax at 31 December 2016	**42.504**	**6.440**	**-1.604**	**-43.551**	**-4.940**	**-1.151**
Deferred tax at 1 January 2017	**42.504**	**6.440**	**-1.604**	**-43.551**	**-4.940**	**-1.151**
Opening balance adjustments	-16.362	25.988	0	-13.035	3.304	-105
Foreign exchange adjustments	-199	-13	156	-2.687	-241	-2.985
Reclassification	0	0	0	0	0	0
Adjustments due to changes in estimates	-41	0	0	0	0	-41
Recognised in profit for the year, net	-434	3.103	186	-1.944	1.008	1.919
Deferred tax at 31 December 2017	**25.467**	**35.518**	**-1.262**	**-61.218**	**-870**	**-2.364**

Net deferred tax (liability) / asset is attributable to the following:

In thousands of DKK	2017	2016
Deferred tax assets	69.372	62.554
Deferred tax liabilities	67.008	61.403
	-2.364	**-1.151**

All movements in temporary differences were recognised in the income statement during the relevant periods.

21. Inventories

In thousands of DKK	2017	2016
Raw materials and consumables	23.704	20.535
Finished goods	12.683	14.317
	36.387	**34.852**

No impairment losses have been identified during the financial year.

22. Capital and reserves

Share capital

The share capital of the Company consists of 100.000.000 shares at nominal value of DKK 1 per share. The shares have not been divided into classes.

Dividend

There has been made dividend payment by parent company to shareholders in 2017 of thousands DKK 10.000. Dividend payment made by subsidiaries to non-controlling interest amounted to thousands DDK 29.241.

For the year 2017 financial year, the Board of Directors recommends to the annual general meeting that dividend in the amount of 10 milion to be paid. As the dividend payment is conditional upon the approval of the general meeting, it is not recognised in the balance sheet as of 31.12.2017 as liability.

23. Interest-bearing loans and borrowings

In thousands of DKK	Interest rate risk	Effective interest rate	Year of maturity	2017	2016
Short-term bank loan (Euro)	*Floating rate*	*0-1%*	*Upon request*	24.876	6.051
Short-term bank loan (CZK)	*Floating rate*	*1-2%*	*Upon request*	347.435	266.765
Short-term bank loan (DKK)	*Floating rate*	*0-1%*	*Upon request*	148.633	172.673
Short-term loan (EUR)	*Fixed rate*	*1-2%*	*Upon request*	3.395	4.245
Short-term bank loan (CZK)	*Floating rate*	*0-1%*	*Upon request*	139	5.260
Current portion of the bank loan (CZK)	*Floating rate*	*1-2%*	*30-6-2018*	285.544	53.988
Current portion of the bank loan (DKK)	*Floating rate*	*1-2%*	*30-6-2018*	265.625	53.125
				1.075.647	**562.107**

In thousands of DKK	Interest rate risk	Effective interest rate	Year of maturity	2017	2016
Long-term bank loan (CZK)	*Floating rate*	*1-2%*	*30-6-2018*	0	269.942
Long-term bank loan (DKK)	*Floating rate*	*1-2%*	*30-6-2018*	0	265.625
				0	**535.567**

For more information about the Group's exposure to liquidity, interest rate and foreign currency risk, see note 27.

24. Provisions

In thousands of DKK	2017	2016
Non-current provisions		
Provisions for restoration and monitoring of landfills	484.714	454.281
Thereof: Due within one year	-13.239	-11.366
Total non-current provisions	**471.475**	**442.915**
Current provisions		
Current portion of the restoration and monitoring provisions	13.239	11.366
Total current provisions	**13.239**	**11.366**
	484.714	**454.281**

In thousands of DKK	2017	2016
Carrying amount at the beginning of the year	454.281	454.027
Exchange rate adjustments	28.530	-1.663
Adjustment due to changes in estimate	0	2.644
Additional provisions made in the period, including increase in the existing provisions	10.542	19.296
Amounts used during the period	-9.385	-20.705
Increase during the period in the discounted amount arising from the passage of time and effect of any change in the discount rate	746	682
	484.714	**454.281**

The expected maturities and expected cash flows from provisions as at 31 December 2017 are as follows:

In thousands of DKK	Expected cash flow (including inflation)	Less: discounting of future interest	Reported amount
Within 1 year	13.302	-63	13.239
Between 1 and 2 years	49.893	-144	49.749
Between 2 and 3 years	32.379	44	32.423
Between 3 and 4 years	33.926	-3	33.923
Between 4 and 5 years	15.936	-101	15.835
Between 5 and 10 years	189.205	-1.429	187.776
Over 10 years	158.468	-6.699	151.769
	493.109	**-8.395**	**484.714**

The expected maturities and expected cash flows from provisions as at 31 December 2016 are as follows:

In thousands of DKK	Expected cash flow (including inflation)	Less: discounting of future interest	Reported amount
Within 1 year	13.102	-1.435	11.667
Between 1 and 2 years	47.263	-372	46.891
Between 2 and 3 years	34.790	-173	34.617
Between 3 and 4 years	33.521	-130	33.391
Between 4 and 5 years	28.923	-108	28.815
Between 5 and 10 years	184.204	-807	183.397
Over 10 years	125.324	-9.821	115.503
	467.127	**-12.846**	**454.281**

Sensitivity analysis of the restoration provision

Change in the discount rate by 1% compared to the original estimates used as at 31 December 2017 would increase or decrease the provision for the restoration and monitoring of waste sites in the following amounts:

Increase in discount rate by 1%: MDKK −8,2
Decrease in discount rate by 1%: MDKK +9,6

25. Trade and other payables

In thousands of DKK	2017	2016
Trade payables	255.473	246.003
Labour related payables	96.650	101.895
VAT and other tax liabilities	21.410	20.776
Other payables	30.809	46.537
	404.342	**415.211**

The breakdown of trade and other payables is as follows:

In thousands of DKK	2017	2016
Payables within due date	345.187	375.397
Payables after due date	59.155	39.814
	404.342	**415.211**

26. Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business.

Financial instrument categories

In thousands of DKK	2017 Carrying amount	2016 Carrying amount
Securities	222	222
Trade and other receivables	487.757	474.860
Cash and cash equivalents	148.580	62.898
Loans and other receivables	**636.559**	**537.980**
Credit institutions	1.075.647	1.097.674
Trade and other payables	404.342	415.211
Financial liabilities measured at amortised cost	**1.479.989**	**1.512.885**

The fair value is in all cases equal to the carrying amount

Impairment losses

Impairment losses are described in note 18.

Liquidity risk

The Group expects to prolong the credit facilities of the interest-bearing loans and borrowings into future periods.

The contractual maturities of substantially all current financial assets and liabilities are within 4 months.

Financial assets and liabilities

In thousands of DKK	2017	2016
Within 1 year	946	483
Between 1 and 2 years	945	1.220
Between 2 and 3 years	702	683
Between 3 and 4 years	604	625
Between 4 and 5 years	42	491
Between 5 and 10 years	21	44
Over 10 years	0	0
Less: discounting of interest	0	-36
	3.260	**3.510**
Thereof presented under:		
Current receivables	**82**	**483**
Non-current receivables	**3.178**	**3.027**

The contractual cash flows from financial assets and financial liabilities do not significantly differ from their carrying values. It is not expected that the cash flows from these financial assets and liabilities could occur significantly earlier, or for significantly different amounts.

27. Capital commitments and contingencies

Mortgage and securities

Shares in Marius Pedersen Holding A/S, thousands DKK 27.977 have been pledged as security for bank debt amounting to a maximum thousands DKK 1.451.166.

To provide security for the Group's drawing facilities in banks etc., including performance guarantees and other guarantees given by the bank, are placed on deposit on the following items.

In thousands of DKK	**2017**	**2016**
Mortgage deed, not pledged as security	16.250	16.250
Carrying amount of mortgage properties	37.634	39.362

Company holds properties on rented premises

Contingent Liabilities

In thousands of DKK	**2017**	**2016**
Obligations according to rent and operating lease contracts	36.253	54.635
Recourse obligations concerning contract guarantees etc.	76.153	64.462

The expected maturities of obligations according to rent and operating lease contracts

In thousands of DKK	**2017**	**2016**
Within 1 year	16.561	21.115
Between 1 and 5 years	18.997	30.721
Over 5 years	695	2.799
	36.253	**54.635**

Joint taxation

MPWM 2014 A/S and its Danish subsidiaries are jointly taxed. The Company thus has secondary liability with respect to income taxes etc. and any obligation to withhold taxes on interest, royalties and dividends applying to the jointly taxed companies. Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the Company held directly or indirectly by the ultimate parent.

28. Fee to shareholder, appointed auditor

In thousands of DKK	**2017**	**2016**
Fee to Deloitte		
Statutory audit	425	420
Tax and VAT-related services	48	48
Other services	75	35
	548	**503**

In thousands of DKK	**2017**	**2016**
Fee to KPMG		
Statutory audit	1.920	1.886
Tax and VAT-related services	0	0
Other services	184	0
	2.104	**1.886**

29. Acquisition of subsidiary

2017

On 30th March 2017 the Group acquired a 100% of the shares and voting rights in company DOV s.r.o., Czech Republic. Impact of the acquisition of DOV s.r.o. on financial results of the Group during 2017 is not material. In the period from the acquisition date to 31 December 2017 DOV s.r.o. contributed revenue of T.DKK 2.331 and loss after tax of T.DKK 298.

On 21st August 2017 the Group acquired a 100% of the shares and voting rights in company TS Abertamy s.r.o., Czech Republic. Impact of the acquisition of TS Abertamy s.r.o. on financial results of the Group during 2017 is not material. In the period from the acquisition date to 31 December 2017 TS Abertamy s.r.o. contributed revenue of T.DKK 214 and loss after tax of T.DKK 9.

DOV s.r.o. and TS Abertamy s.r.o.

In thousands of DKK	**2017**
Property, plant and equipment	2.959
Inventories	10
Trade and other receivables	856
Cash and cash equivalents	165
Trade and other payables	-316
Interest-bearing loans and borrowings	-1.148
Current tax payable	101
Net assets acquired	**2.627**
Goodwill	4.015
Purchase price	**6.642**
Of which cash and cash equivalents	-165
Purchase price in cash	**6.477**
Purchase price:	
Cash	6.642
	6.642

2016

On 13 October 2016 the Group acquired a 100% of the shares and voting rights in company Odpady Bohemia s.r.o., Czech Republic. Impact of the acquisition of Odpady Bohemia s.r.o. on financial results of the Group during 2017 is not material. In the period from the acquisition date to 31 December 2017 Odpady Bohemia s.r.o. contributed revenue of T.DKK 9.215 and loss after tax of T.DKK 41.

Odpady Bohemia s.r.o.

In thousands of DKK	**2017**
Property, plant and equipment	60.745
Inventories	387
Trade and other receivables	5.663
Tax receivables	90
Other assets	11.037
Cash and cash equivalents	3.225
Deferred tax liability	-7.124
Trade and other payables	-18.515
Interest-bearing loans and borrowings	-23.195
Current tax payable	-85
Net assets acquired	**32.228**
Goodwill	13.074
Purchase price	**45.302**
Of which cash and cash equivalents	-3.225
Purchase price in cash	**42.077**
Purchase price:	
Cash	45.302
	45.302

30. Approval of financial statements

The financial statements were approved by the board of directors and authorised for inssue on May 29 2018

31. Related party transactions

Related party with controlling interest

Ultimate parent: Entreprenør Marius Pedersens Fond, Faaborg Midtfyn.

Balanced and transactions between the Company and its subsidiaries, which are releated parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are:

Dividen paid cf. note 22, thousands 10.000 DKK.

Consolidated Subsidiaries and Joint Ventures

Subsidiaries

Denmark Name		Effective ownership % 2017	Principal activity
Kildehøj ApS	Faaborg-Midtfyn	99,0	Property investment company 1)
Marius Pedersen A/S, Ferritslev Fyn	Faaborg-Midtfyn	100,0	Municipal services, waste collection, sorting
Marius Pedersen Holding A/S	Faaborg-Midtfyn	100,0	Holding company
MP Ejendomsaktieselskab, Ferritslev Fyn	Faaborg-Midtfyn	100,0	Property investment company 1)
Odense Affaldssortering A/S	Odense	50,2	Sorting

1) Entreprenør Marius Pedersens Fond is owner

Czech Republic Name		Effective ownership % 2017	Principal activity
Bohemian Waste Management a.s.	Hradec Králové	60,0	Landfill
DESTRA Co., spol. s r.o.	Brno	70,0	Hazardous waste
DOV s.r.o.	Jablonec nad Nisou	100,0	Municipal waste collection
EKO - Chlebičov a.s.	Chlebičov	77,2	Hazardous waste landfill
EKO servis Varnsdorf a.s.	Varnsdorf	55,0	Municipal waste collection
EKOLA České Libchavy s.r.o.	České Libchavy	74,1	Municipal waste collection and landfill
ELIO Slezsko a.s.	Holasovice	55,0	Landfill
HRATES, a.s.	Uherské Hradište	66,0	Municipal services
Hradecké služby a.s.	Hradec Králové	60,0	Municipal waste collection
Ipodec Ciste Mesto a.s.	Praha	57,0	Municipal services and waste collection
Krušnohorské služby a.s.	Ústi n.Labem	51,0	Municipal services and waste collection
Marius Pedersen a.s. Hradec Kralove	Hradec Králové	100,0	Municipal services, waste collection, landfill
Moravska skladkova spolecnost a.s.	Otrokovice	60,0	Landfill
MPGA s.r.o.	Hradec Králové	100,0	Municipal services, waste collection, landfill
Nykos a.s.	Ždánice	85,7	Municipal waste collection
Odpady-Třídění-Recyklace a.s.	Uherské Hradište	60,0	Municipal waste collection
Papkov s.r.o.	Praha	80,0	Recycling
Podnik sluzeb Jirkov s.r.o	Ústi n.Labem	51,0	Municipal services and waste collection
Růžov a.s.	Borovany	52,0	Landfill
RWC s.r.o.	Chropyně	70,0	Hazardous waste
Severočeské komunální služby s.r.o.	Jablonec nad Nisou	65,0	Municipal services and waste collection
Skládka Tušimice a.s.	Teplice	98,0	Landfill
SOMA Markvartovice a.s.	Hlučin	58,0	Landfill
SOP a.s.	Přelouč	60,0	Municipal waste collection
Společnost Horní Labe a.s.	Trutnov	60,0	Landfill
Technické služby Abertamy s.r.o.	Abertamy	100,0	Municipal services, waste collection ,landfill
Technické služby Děčín a.s.	Děčín	96,9	Municipal services, waste collection ,landfill
TRANSPORT Trutnov s.r.o.	Trutnov	60,0	Municipal waste collection
TS Valašské Meziříčí s.r.o.	Valašské Meziříčí	74,9	Municipal services and waste collection
Západočeské komunální služby a.s.	Plzeň	98,0	Municipal services and waste collection

Consolidated Subsidiaries and Joint Ventures

Slovakia Name		Effective ownership % 2017	Principal activity
BORINA EKOS s.r.o.	Livinské Opatovce	88,0	Landfill
Bzenex BMP, s.r.o.	Bzenica	70,0	Landfill
Kopaničiarska odpadová spoločnosť, s.r.o.	Kostolné	83,0	Landfill
Marius Pedersen a.s.,Trencin	Trenčín	100,0	Municipal services, waste collection, landfill
PETMAS spol. S.r.o.	Pezinok	100,0	Waste collection
Spoločnosť Pohronie a.s.	Lieskovec	60,0	Landfill
Spoločnosť Šariš, a.s.	Sabinov	88,0	Landfill
Spoločnosť Stredné Považie a.s.	Trenčín	70,0	Landfill
Tatranská odpadovás poločnosť, a.s.	Žakovce	64,0	Landfill
Tekovská ekologická, s.r.o.	Nový Tekov	86,0	Landfill
Waste transport, a.s.	Bratislava	100,0	Collection and transport of waste

Joint ventures:

Slovakia Name		Effective ownership % 2017	Principal activity
ICEKO-ONYX, s.r.o.	Banská Bystrica	50,0	Collection and transport of waste
KOMPLEX-odpadová spoločnosť, s.r.o. 2)	Pusté Sady	60,0	Landfill

2) Voting rights 49%

Annual Report 2017

Central Business Registration No. 35 84 67 35

MPWM 2014 A/S

Ørbækvej 851

5863 Ferritslev, Fyn

Management's commentary

Primary activities
The Company is holding company of Marius Pedersen Holding A/S, Denmark.

Development in activities
Net income for the year after tax is 145 MDKK.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which influence the evaluation of this annual report.

Outlook
The Company expects a continuing positive development in the activities and result.

Accounting Policies

The annual report for MPWM 2014 A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act class C enterprises (medium).

The annual report was prepared according to the accounting policies applied the year before.

1. Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the income statement as financial income or financial expenses.

2. Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date, are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Fixed assets purchased in foreign currencies are translated using historical rates.

3. Statement of income

Revenue

Revenue from the sale of services, manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Administrative costs

Administrative costs comprise costs incurred for management and administration of the Group, including costs for the administrative staff and the Management, stationary and office supplies as well as depreciation and amortisation.

Financial income and expenses

These items comprise interest income and interest expenses as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Taxation

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year, and recognised directly on equity by the portion attributable to entries directly on equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities. The tax-based value of the assets is calculated based on the planned use of each asset.

Deferred tax is measured based on the tax regulations and tax rates that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Deferred tax assets, including the tax base of tax loss carry forward, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Company is jointly taxed with enterprises within the Group. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

4. Balance sheet

Goodwill on consolidation

Goodwill on consolidation is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by the Management for each business area. The period of amortisation is usually 3 to 10 years, but 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer period of amortisation is considered to give a better reflection of the Group's benefit from the relevant resources.

The carrying amount of goodwill on consolidation is assessed recurrently and written down to recoverable amount, if the carrying amount exceeds the estimated future net income from the enterprise or activity to which the goodwill on consolidation is related.

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset, until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other tools and equipment: 5 to 8 years.

Depreciation is recognised in the income statement under administrative expenses, respectively.

Plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operating income or expenses, respectively.

Investments in subsidiaries
Investments in subsidiaries are recognised and measured under the equity method. This means that in the balance sheet investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised goodwill or badwill on consolidation and plus or minus unrealised intra-group profits or losses.

The Company's share of the enterprises' profits or losses after tax and elimination of unrealised intra-group profits and losses and minus or plus amortisation of goodwill or badwill on consolidation is recognised in the income statement.

Subsidiaries with negative equity are measured at zero value, and any receivables from these enterprises are written down by the Company'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 Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less provisions for bad debts.

Dividend
Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Statement of Income 2017

In thousands of DKK	Note	2017	2016
Administrative costs	1	-67	-30
Operating profit		**-67**	**-30**
Profit on ordinary activities in group enterprises	2	159.631	117.758
Financial income	3	466	1.560
Financial expenses	4	-8.843	-10.508
Profit before taxation		**151.187**	**108.780**
Taxation on profit for the year	5	-6.123	1.975
Profit for the year	6	**145.064**	**110.755**

Balance Sheet at 31.12.2017

In thousands of DKK	Note	2017	2016
Assets			
Participating interest in group enterprises	7	2.027.309	2.062.110
Non-current assets		**2.027.309**	**2.062.110**
Total non-current assets		**2.027.309**	**2.062.110**
Tax receivable		0	1.975
Cash		37	36
Current assets		**37**	**2.011**
Total assets		**2.027.346**	**2.064.121**
Equity			
Share capital	8	100.000	100.000
Share premium		965.972	965.972
Reserve for net revaluation according to the equity method		0	0
Retained earnings		381.926	244.823
Proposed dividend		10.000	0
Total equity		**1.457.898**	**1.310.795**
Liabilities			
Long-term liabilities		0	535.567
Short-term liabilities		551.169	107.113
Accounts owed to group enterprises		17.947	110.636
Current tax payables		332	0
Other payables		0	10
Current liabilities other than provisions		**18.279**	**217.759**
Total liabilities		**2.027.346**	**2.064.121**
Securities and contingent liabilities etc.	9		
Ownership	10		

Statement of Changes in Equity

In thousands of DKK	Share capital	Share premium	Reserve for net revaluation	Retained earnings	Proposed dividend	Total
Balance at 1 January 2016	**100.000**	**965.972**	**160.611**	**-23.500**	**0**	**1.203.083**
Other adjustments in capital	0	0	-160.611	160.611	0	0
Net profit / loss for the year 2016	0	0	0	110.755	0	110.755
Exchange rate adjustments	0	0	0	-3.043	0	-3.043
Balance at 31 December 2016	**100.000**	**965.972**	**0**	**244.823**	**0**	**1.310.795**
Balance at 1 January 2017	**100.000**	**965.972**	**0**	**244.823**	**0**	**1.310.795**
Net profit / loss for the year 2017	0	0	0	135.064	10.000	145.064
Extraordinary dividends paid	0	0	0	-10.000	0	-10.000
Exchange rate adjustments	0	0	0	12.039	0	12.039
Balance at 31 December 2017	**100.000**	**965.972**	**0**	**381.926**	**10.000**	**1.457.898**

During the financial year, extraordinary dividend of thousands DKK 10.000 was paid in May 2017.

Notes

1. Staff Costs

In thousands of DKK	2017	2016
Attributable to:		
Executive board	0	658
Board of directors	0	635
Total amount for management categories	848	0

The remuneration are partly expensed in other Group companies.

The remuneration of 2016 are influenced by the changes in management in 2016.

2. Profit on ordinary activities in group enterprises

In thousands of DKK	2017	2016
Group enterprises operating profit	206.966	165.093
Depreciation, consolidated goodwill	-47.335	-47.335
	159.631	**117.758**

3. Financial income

In thousands of DKK	2017	2016
Interest income from group enterprises	0	27
Other interest income	466	1.533
	466	**1.560**

4. Financial expenses

In thousands of DKK	2017	2016
Interest expenses from group enterprises	568	1.001
Other interest expenses	8.275	9.507
	8.843	**10.508**

5. Tax on profit/loss for the year

In thousands of DKK	2017	2016
Current tax	-3.366	1.975
Regulation concerning prior year	-2.757	0
	-6.123	**1.975**

6. Proposed distribution of profit/loss

In thousands of DKK	2017	2016
Dividend for the year	10.000	0
Retained earnings	135.064	110.755
	145.064	**110.755**

7. Investments in group enterprises

In thousands of DKK	2017	2016
Cost at 1 January	2.758.783	2.758.783
Addition	0	0
Cost price at 31 December	**2.758.783**	**2.758.783**
Net revaluation at 1 January	-696.673	-689.388
Equity adjustments	25.568	-3.043
Amortisation, consolidated goodwill	-47.335	-47.335
Profit/loss for the year	206.966	165.093
Dividends received	-220.000	-122.000
Net revaluation at 31 December	**-731.474**	**-696.673**
Carrying amount at 31 December	**2.027.309**	**2.062.110**
Consolidated goodwill of TDKK 778.157 is included in book value.		

Investments in group enterprises comprise:
Marius Pedersen Holding A/S, Faaborg-Midtfyn, 100%

8. Share capital

The share capital consists of 100.000.000 shares at DKK 1. The shares have not been divided into classes.

9. Securities and contingent liabilities etc.

Shares in Marius Pedersen Holding A/S, thousands DKK 2.027.309 have been pledged as security for bank debt amounting to thousands DKK 1.068.128.

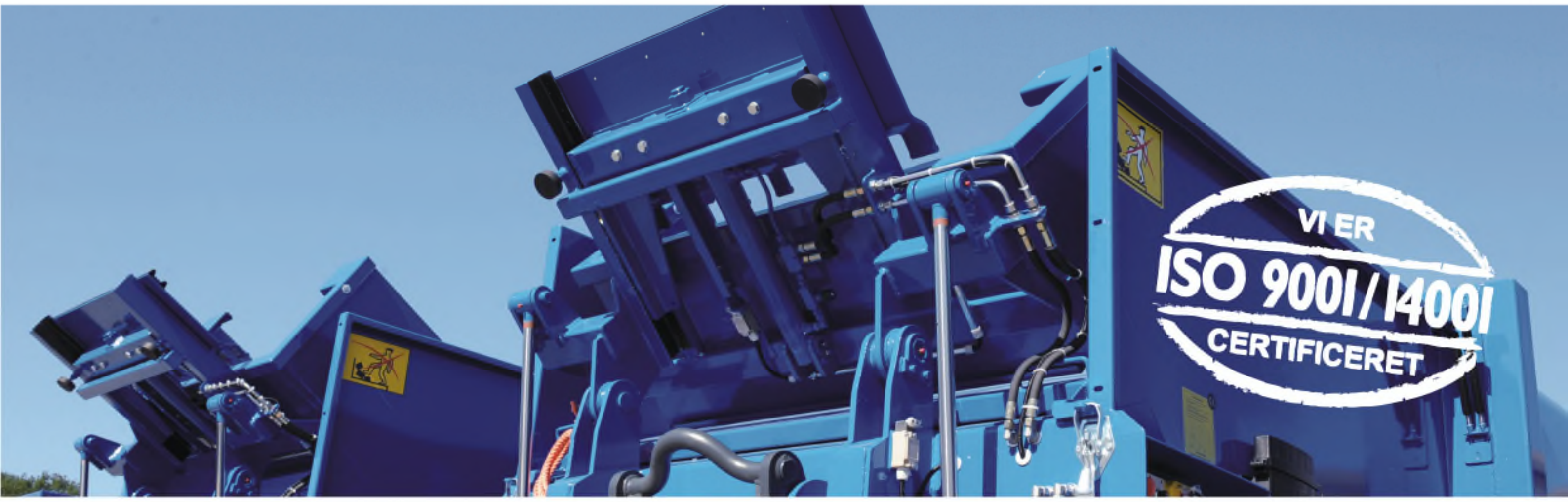
Contingent liabilities

Joint taxation

MPWM 2014 A/S and its Danish subsidiaries are jointly taxed in MPWM 2014 A/S. The Company thus has secondary liability with respect to income taxes etc. and any obligation to withhold taxes on interest, royalties and dividends applying to the jointly taxed companies. Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the Company held directly or indirectly by the ultimate parent.

Notes

10. Ownership
The following shareholder holds more than 5% of the Company's share capital:
Entreprenør Marius Pedersens Fond, Faaborg-Midtfyn, CVR 11594174.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