

# APMH INVEST A/S ANNUAL · REPORT 2018



**A.P. MØLLER**

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**Date** 11 April 2019  
**Chairman** Morten Stakroge



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# MANAGEMENT REVIEW FOR 2018



## FINANCIAL HIGHLIGHTS

Amounts in DKKm	2018	2017	2016	5 Feb to 31 Dec 2015
Share of profit in subsidiaries	-234.2	-283.9	0.0	0.0
Share of profit in associate	2,898.1	4,196.1	3,609.8	1,502.1
Profit from ordinary operating activities	2,899.2	4,834.4	3,609.7	1,502.0
Net financials	-58.4	17.6	-143.1	-202.8
<b>Profit before tax</b>	<b>2,830.8</b>	<b>4,852.0</b>	<b>3,466.6</b>	<b>1,299.2</b>
Tax	23.1	-8.2	16.9	47.4
<b>Net profit for the year</b>	<b>2,853.9</b>	<b>4,843.8</b>	<b>3,483.5</b>	<b>1,346.6</b>
<b>Balance sheet total</b>	<b>34,157.0</b>	<b>37,043.6</b>	<b>30,970.9</b>	<b>30,180.3</b>
<b>Equity</b>	<b>34,152.9</b>	<b>31,962.2</b>	<b>27,773.9</b>	<b>27,773.9</b>
Return on equity after tax	8.6%	16.2%	14.2%	7.0%
Equity interest	100.0%	86.3%	89.7%	70.3%

## A.P. MOLLER CAPITAL

A.P. Moller Capital was established in 2017 with APMH Invest as the largest shareholder with the purpose of managing stand-alone capital funds. A.P. Moller Capital is headquartered in Denmark and is regulated by the Danish Financial Supervisory Authority (FSA).

In August 2018, A.P. Moller Capital reached final close of its first fund, The Africa Infrastructure Fund I (AIF I) with a total commitment of USD 982m. The fund aims to build and operate infrastructure projects in Africa, targeting projects within transportation and energy such as rail, roads, ports and warehousing to power plants, transmission, pipelines and distribution.

## PROFIT FOR THE YEAR

Net profit for the year after tax amounted to DKK 2,854m (DKK 4,844m) which was below our expectations. The profit is mainly ascribed to our share of profit and sale of shares in Danske Bank.

The profit for the year is proposed distributed with DKK 2,664m to net revaluation under the equity method and DKK 190m to retained earnings. No dividend is proposed for 2018.

## OUTLOOK FOR 2019

APMH Invest's portfolio is generally exposed to the global economic markets, hence the outlook for our financial performance in 2019 is subject to significant uncertainties. Our performance mainly depends on the development of the commercial activities in Danske Bank, Maersk Tankers and Maersk Product Tankers as well as the development of the financial markets.

We expect the result for 2019 to be above the result for 2018.

This statement is based on the current expectations for the financial markets and are by nature subject to a number of uncertainties that could cause actual results and performance to differ materially from the expectations.

## MAERSK TANKERS GROUP

Maersk Tankers and Maersk Product Tankers (together Maersk Tankers Group) was established respectively in 1928 and 2017. Together they facilitate the global trade of energy to meeting world's need. In April 2018, the shares in Maersk Product Tankers A/S were transferred to APMH Invest and 30% of the shareholding was disposed to Mitsui & Co. Ltd.

The fundamentals for the product tanker market across all vessel segments continued to be challenged in 2018. The revenue increased despite the lowest spot market rates seen in a decade (14.5% down from 2017).

During the year, Maersk Product Tankers continued its fleet renewal. Slowing in global fleet growth and stronger demands are expected to improve the market conditions in the coming years and new regulation limiting sulphur content in marine fuel will offer opportunities for the product tanker industry.

The objective of APMH Invest A/S (APMH Invest) is to act as holding company for A.P. Møller Holding A/S' investments by investing in Danish and foreign assets including holding of shares in Danske Bank A/S. The Company's liquid funds may be invested in shares, bonds and other financial assets.

## DANSKE BANK

Danske Bank is a Nordic focused bank with four core Nordic markets - Denmark, Norway, Sweden and Finland - and four business segments - personal, business, corporate and institutions and wealth. The universal banking model provides a strong diversified platform delivering synergies across core markets.

A.P. Moller has been involved in Danske Bank since 1928. In 2015, APMH Invest acquired a 20% direct ownership stake in Danske Bank, and at the end of 2018, the Company held 20.5% of the shares in Danske Bank.

2018 proved to be a challenging year for Danske Bank, with the continued development of the serious issues related to the non-resident portfolio in Estonia, which continue to negatively impact the bank in a number of ways.

## RISK MANAGEMENT

Our risk management setup allows us to safeguard the long-term viability of our portfolio companies by understanding the inherent risks associated with each investment and to support the companies in managing these risks in a changing environment.

### Risks related to our holdings

APMH Invest's investments consist of Our Large Investments, Our Incubations and Our Financial Investments.

Risks regarding Our Large Investments and Our Incubations include business and financial risks associated with the operation and performance of our holdings. Such risks are effectively defined and managed decentrally in each of the individual affiliates having implemented their own risk management policies and procedures.

As owner and a member of the Board of Directors of each affiliate, we monitor business performance in the affiliates closely, and reports on business and risk-related issues are appropriately provided to our Board of Directors.

The ambition of our owner, A.P. Moller Holding is to hold a diversified and financially robust portfolio to sustain black swans and

unforeseen negative events. Hence, risks are consolidated and monitored centrally in A.P. Moller Holding.

APMH Invest also has a portfolio of fixed income and equities. The overall objective of the portfolio is to create economic value in line with our values and ensures a part of our portfolio remains ultra-liquid.

The Board of Directors defines the investment policy. We manage the market, credit and currency risks related to our portfolio investments by limiting maximum exposure to individual asset classes and underlying assets. The guidelines are reviewed regularly to ensure they reflect the market situation, and our financial situation at any given time.

### STATUTORY REPORT CF. SECTION 99A OF THE DANISH FINANCIAL STATEMENTS ACT

As an international investment company with a broad range of investment activities, APMH Invest has a significant influence on society. We acknowledge the responsibilities that this entails and make an effort to ensure that we are recognised as a trustworthy group of companies.

The Board of Directors of each of our Large Investments, Danske Bank, Maersk Tankers, Maersk Product Tankers and our Fund Manager, A.P. Moller Capital define their own specific CSR policies and Code of Conduct. We are represented on each Board, and these representatives ensure that CSR policies, including human rights, climate change and environmental impact, are enforced. Policies are adapted to meet the circumstances in which each of the affiliates operates.

APMH Invest is part of A.P. Moller Holding's statutory statement on CSR and the report is available on <http://www.apmoller.com/wp-content/uploads/2019/04/CSR.pdf>.

### STATUTORY REPORT CF. SECTION 99B OF THE DANISH FINANCIAL STATEMENTS ACT

The Board of Directors counts three men and the present representation is considered appropriate. The Board has defined a target to maintain a share of the underrepresented gender on the Board to account for equal distribution of the shareholder-appointed Board members. The expectation is to fulfil the requirement by the end of 2021.

# FINANCIAL STATEMENTS

Income statement | Balance sheet | Statement of changes in equity |  
Notes to the financial statements

## INCOME STATEMENT FOR 1 JANUARY TO 31 DECEMBER

Note	Amounts in DKKm	2018	2017
1	Share of profit in subsidiaries	-234.2	-283.9
2	Share of profit in associate	2,898.1	4,196.1
3	Other external expenses	-7.3	-2.3
4	Other income	232.6	924.5
	<b>Profit before financial items</b>	<b>2,889.2</b>	<b>4,834.4</b>
5	Other financial income	219.5	159.5
6	Other financial expenses	-277.9	-141.9
	<b>Profit before tax</b>	<b>2,830.8</b>	<b>4,852.0</b>
7	Tax on profit for the year	23.1	-8.2
8	<b>Net profit for the year</b>	<b>2,853.9</b>	<b>4,843.8</b>

## BALANCE SHEET AT 31 DECEMBER

Note	Amounts in DKKm	2018	2017
	<b>Fixed assets</b>		
1	Investments in subsidiaries	2,397.4	3,433.1
1	Receivables from subsidiaries	0.0	2,209.7
2	Investments in associate	30,557.5	30,987.8
	<b>Total fixed assets</b>	<b>32,954.9</b>	<b>36,630.6</b>
	<b>Current assets</b>		
9	Deferred tax asset	2.9	1.3
10	Tax receivables	2.5	0.5
	Other receivables	0.0	3.4
	Prepayments	27.6	35.5
	<b>Total receivables</b>	<b>33.0</b>	<b>40.7</b>
	<b>Securities</b>	<b>991.6</b>	<b>100.5</b>
	<b>Cash and bank balances</b>	<b>177.5</b>	<b>271.8</b>
	<b>Total current assets</b>	<b>1,202.1</b>	<b>413.0</b>
	<b>Total assets</b>	<b>34,157.0</b>	<b>37,043.6</b>
	<b>Equity</b>		
11	Share capital	1,000.0	1,000.0
	Reserve for net revaluation under the equity method	4,185.9	4,118.8
	Retained earnings	28,967.0	26,843.4
	Proposed dividend	0.0	0.0
	<b>Total equity</b>	<b>34,152.9</b>	<b>31,962.2</b>
	<b>Provisions</b>		
12	Other provisions	0.0	65.2
	<b>Total provisions</b>	<b>0.0</b>	<b>65.2</b>
	<b>Short-term debt</b>		
	Debt to banks	0.0	4,957.3
	Payables to affiliates	0.0	34.9
	Trade payables	2.6	16.5
	Other payables	1.5	7.5
	<b>Total short-term debt</b>	<b>4.1</b>	<b>5,016.2</b>
	<b>Total liabilities</b>	<b>4.1</b>	<b>5,016.2</b>
	<b>Total equity and liabilities</b>	<b>34,157.0</b>	<b>37,043.6</b>
13	Derivative financial instruments		
14	Related parties		
15	Contingent liabilities		
16	Guarantees and securities		
17	Events after the balance sheet date		
18	Accounting policies		



## STATEMENT OF CHANGES IN EQUITY

Amounts in DKKm	Share capital	Reserve for net re-valuation under the equity method	Retained earnings	Total
Equity as of 1 January 2017	1,000.0	2,836.1	23,937.8	27,773.9
Net profit for the year	0.0	3,912.2	931.6	4,843.8
Impact of predecessor accounting	0.0	-48.3	108.6	60.3
Dividend from associate	0.0	-1,770.7	1,770.7	0.0
Other adjustments etc	0.0	-810.5	94.7	-715.8
<b>Equity as of 31 December 2017</b>	<b>1,000.0</b>	<b>4,118.8</b>	<b>26,843.4</b>	<b>31,962.2</b>
Impact due to implementation of new accounting standards	0.0	-346.2	0.0	-346.2
<b>Adjusted equity as of 1 January 2018</b>	<b>1,000.0</b>	<b>3,772.6</b>	<b>26,843.4</b>	<b>31,616.0</b>
Net profit for the year	0.0	2,663.9	190.0	2,853.9
Dividend from associate	0.0	-1,873.7	1,873.7	0.0
Other adjustments etc	0.0	-376.9	59.9	-317.0
<b>Equity as of 31 December 2018</b>	<b>1,000.0</b>	<b>4,185.9</b>	<b>28,967.0</b>	<b>34,152.9</b>

# NOTES TO THE FINANCIAL STATEMENTS

Note 1: Investments in and receivables from subsidiaries

**Investments in subsidiaries**

Amounts in DKKm	2018	2017
Cost as of 1 January	3,702.1	0.0
Additions	35.0	3,702.3
Disposals	-986.8	-0.2
<b>Cost as of 31 December</b>	<b>2,750.3</b>	<b>3,702.1</b>
Adjustment to carrying amount as of 1 January	-269.0	0.0
Share of profit for the year	-234.2	-283.9
Disposal	35.8	0.0
Purchase price in excess of carrying amount	0.0	-48.3
Other adjustments	114.5	63.2
<b>Adjustment to carrying amount as of 31 December</b>	<b>-352.9</b>	<b>-269.0</b>
<b>Carrying amount as of 31 December</b>	<b>2,397.4</b>	<b>3,433.1</b>

**Company overview as at 31 December 2018**

Subsidiaries	Country of incorporation	Ownership share
Maersk Tankers A/S	Denmark	100%
Maersk Product Tankers A/S	Denmark	70%
A.P. Møller Capital P/S	Denmark	51%
A.P. Møller Capital GP ApS	Denmark	100%
Africa Infrastructure Fund I GP ApS	Denmark	100%
AIF I Sponsor Invest K/S	Denmark	100%
APMH Invest III ApS	Denmark	100%
APMH Invest IV A/S	Denmark	100%
APMH Invest V ApS	Denmark	100%

Subsidiaries of Maersk Tankers	Country of incorporation	Ownership share
Brostrom AB	Sweden	100%
Brostrom General Partner A/S	Denmark	100%
Brostrom K/S	Denmark	100%
Handytankers General Partner A/S	Denmark	100%
Handytankers K/S	Denmark	100%
Maersk Tankers Afra General Partner A/S	Denmark	100%
Maersk Tankers Afra K/S	Denmark	100%
Maersk Tankers Holland BV	Holland	100%
Maersk Tankers India Pvt. Ltd.	India	100%
Maersk Tankers LR2 General Partner A/S	Denmark	100%
Maersk Tankers LR2 K/S	Denmark	100%
Maersk Tankers MR General Partner A/S	Denmark	100%
Maersk Tankers MR K/S	Denmark	100%
Maersk Tankers Romania SRL	Romania	100%
Maersk Tankers US Inc.	USA	100%
Maersk Tankers US Personnel Inc.	USA	100%
OPSA Operadora Portuaria	Venezuela	100%

Joint ventures of Maersk Tankers	Country of incorporation	Ownership share
Long Range 2 A/S	Denmark	50%
LR 2 Management K/S	Denmark	50%

Subsidiaries of Maersk Product Tankers	Country of incorporation	Ownership share
Maersk Tankers Singapore Pte Ltd	Singapore	100%
Maersk Tankers UK Ltd.	UK	100%

### Note 1: Investments in and receivables from subsidiaries - continued

		Amounts in DKKm	
		2018	2017
<b>Receivables from subsidiaries</b>			
Receivables as of 1 January		2,258.0	0.0
Additions		0.0	5,047.1
Disposals		-2,258.0	-2,789.1
<b>Receivables as of 31 December</b>		<b>0.0</b>	<b>2,258.0</b>
Adjustment to carrying amount as of 1 January		-48.3	0.0
Exchange rate adjustment		48.3	-48.3
<b>Adjustment to carrying amount as of 31 December</b>		<b>0.0</b>	<b>-48.3</b>
<b>Carrying amount as of 31 December</b>		<b>0.0</b>	<b>2,209.7</b>

### Note 2: Investments in associate

		Amounts in DKKm	
		2018	2017
Acquisition cost as of 1 January		26,600.0	27,931.2
Additions		0.0	0.0
Disposals		-581.3	-1,331.2
<b>Cost as of 31 December</b>		<b>26,018.7</b>	<b>26,600.0</b>
Adjustment to carrying amount as of 1 January		4,387.8	2,836.1
Share of profit for the year		2,898.1	4,196.1
Dividend		-1,873.7	-1,770.7
Other adjustments		-873.4	-873.7
<b>Adjustment to carrying amount as of 31 December</b>		<b>4,538.8</b>	<b>4,387.8</b>
<b>Carrying amount as of 31 December</b>		<b>30,557.5</b>	<b>30,987.8</b>

Associate	Registered office	Ownership share <sup>1</sup>	Voting share
Danske Bank A/S	Copenhagen	20.5%	20.5%

<sup>1</sup> Percentage of total number of issued shares

Danske Bank is under criminal investigation regarding the terminated non-resident portfolio at Danske Bank's Estonian branch in various countries, including Estonia, Denmark and USA. At present, it is not possible to reliably estimate the timing of completion and the outcome of the investigations and lawsuit, or the amount of any potential settlement of fines, which could be material. Hence, no provision has been recognised.

As of 31 December 2018, the carrying amount of the shares in Danske Bank amounted to DKK 30.6bn (DKK 31.0bn), including group goodwill DKK 1.0bn and the market value amounted to DKK 23.6bn (DKK 45.3bn). An impairment test has been prepared and supports that there is no impairment as of 31 December 2018.



**Note 3: Other external expenses**

Apart from the Executive Board, APMH Invest A/S has not had any employees in 2018 and 2017. The Executive Board and Board of Directors have received remuneration, in total DKK 20.2m from A.P. Møller Holding A/S, the shareholder of APMH Invest A/S.

With reference to section 98b (3) no. 1 of the Danish Financial Statements Act, the remuneration has been presented total for the Executive Board and Board of Directors.

**Note 4: Other income**

Amounts in DKKm	2018	2017
Gain on sale of fixed asset investments	232.4	924.4
Other income	0.2	0.1
<b>Total</b>	<b>232.6</b>	<b>924.5</b>

**Note 5: Other financial income**

Amounts in DKKm	2018	2017
Interest income	4.6	1.1
Interest income and loan fees, affiliates	35.9	40.7
Dividends	4.2	2.5
Gain on securities	26.4	2.2
Exchange adjustments, financial instruments	0.0	6.0
Exchange rate adjustments	147.1	106.5
Other financial income	1.3	0.5
<b>Total</b>	<b>219.5</b>	<b>159.5</b>

**Note 6: Other financial expenses**

Amounts in DKKm	2018	2017
Interest expenses	-71.1	-67.0
Loss on securities	-140.6	0.0
Amortised borrowing costs, etc.	0.0	-26.6
Exchange rate adjustments	-66.2	-48.3
<b>Total</b>	<b>-277.9</b>	<b>-141.9</b>

**Note 7: Tax on profit for the year**

Amounts in DKKm	2018	2017
Tax on profit for the year	1.6	0.0
Adjustment of tax concerning previous years	19.9	-7.2
Adjustment of deferred tax	1.6	-1.0
<b>Total</b>	<b>23.1</b>	<b>-8.2</b>

**Note 8: Distribution of net profit for the year**

Amounts in DKKm	2018	2017
To net revaluation under the equity method	2,663.9	3,912.2
Retained earnings	190.0	931.6
<b>Net profit for the year</b>	<b>2,853.9</b>	<b>4,843.8</b>



### Note 9: Deferred tax asset

Amounts in DKKm	2018	2017
Deferred tax asset as of 1 January	1.3	2.3
Adjustment of deferred tax for the year	1.6	-1.0
<b>Deferred tax asset as of 31 December</b>	<b>2.9</b>	<b>1.3</b>

Deferred tax is calculated based on the difference between the carrying amount and the tax base of assets and liabilities. Management expects the deferred tax asset to be utilised by APMH Invest A/S itself or by the group of jointly taxed companies within a few years.

### Note 10: Tax receivables

Amounts in DKKm	2018	2017
Tax receivables as of 1 January	0.5	23.1
Adjustment of tax concerning previous years	19.9	-7.2
Tax on profit for the year	1.6	0.0
Tax received for the year	-19.5	-15.4
<b>Tax receivables as of 31 December</b>	<b>2.5</b>	<b>0.5</b>

### Note 11: Share capital

Amounts in DKKm	
<b>Changes in share capital in the past 5 years</b>	
On formation, 5 February 2015	1.0
Cash capital increase, 7 April 2015	999.0
<b>Share capital as of 31 December 2018</b>	<b>1,000.0</b>

The share capital consists of 1,000 shares with a nominal value of DKK 1 m.

### Note 12: Other provisions

Other provisions comprise a contingent consideration regarding purchase of subsidiaries. The contingent consideration has been estimated to DKK 0 as of 31 December 2018 (2017: DKK 65.2m).

### Note 13: Derivative financial instruments

APMH Invest A/S has entered into an interest rate swap which pegs the interest expense on the floating rate loan up to 31 May 2017, where the loan was repaid.

### Note 14: Related parties

A.P. Møller Holding A/S holds 100% of the Company's share capital.

Related parties exercising controlling interest on the Company:

- A.P. Møller Holding A/S, Esplanaden 50, Copenhagen, Denmark
- A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal (A.P. Møller Fonden), Esplanaden 50, Copenhagen, Denmark.

The Company has not entered into any transactions with related parties that were not on an arm's length basis.

### Consolidated financial statements

APMH Invest A/S is included in the consolidated financial statements for A.P. Møller Holding A/S, Copenhagen, Denmark, Business Registration No 25 67 92 88. The consolidated financial statement of A.P. Møller Holding A/S can be obtained at [www.cvr.dk](http://www.cvr.dk).

### Note 15: Contingent liabilities and commitment

The Company is included in national joint taxation with Danish companies in the A.P. Møller Holding group. The Company is jointly and severally liable for the payment of taxes and withholding tax.

The Company has capital commitments relating to investments in subsidiaries totalling DKK 956m (DKK 149m).

### Note 16: Guarantees and pledges

APMH Invest A/S has undertaken an irrevocable parent company guarantee for certain obligations of its subsidiary Maersk Tankers A/S. The parent company guarantee is given in favor of Maersk Product Tankers A/S. With the guarantee, APMH Invest A/S has undertaken to be jointly and severally liable, as co-principal debtor, to Maersk Product Tankers A/S, for the obligations of Maersk Tankers A/S in relation to certain assets and liabilities contributed by Maersk Tankers A/S to Maersk Product Tankers A/S.

Fixed asset investments with a carrying amount of DKK 15.3bn (DKK 15.5bn) have been placed as pledge for the Company's debt to banks, DKK 0.0bn (DKK 5.0bn).

### Note 17: Events after the balance sheet date

On the Annual General Meeting in A.P. Møller - Mærsk A/S 2 April 2019 it was approved by A.P. Møller - Mærsk's shareholders to distribute the shares in Maersk Drilling. First day of trading will be 4 April 2019. A single share class structure for Maersk Drilling has been listed and distributed on a pro-rate basis based on the nominal value of the shares in A.P. Møller - Mærsk A/S. Accordingly, A.P. Møller Holding A/S has received two shares in Maersk Drilling for nominal A.P. Møller - Mærsk DKK 1,000 share and A.P. Møller Holding's ownership in Maersk Drilling makes up 41.62% after the listing.

A.P. Møller Holding has agreed to a 360 day lockup of its shareholding in Maersk Drilling, subject to certain customary exemptions. Based on our analysis, A.P. Møller Holding expects to maintain control and consequently keep full consolidation in the financial statements.

Management expects that the shares in Maersk Drilling will be transferred from A.P. Møller Holding to APMH Invest immediately after the listing.

No other events of importance to the Annual Report have occurred during the period from the balance sheet date until the presentation of the financial statements.

### Note 18: Accounting policies

The Financial Statements for 2018 for APMH Invest A/S have been prepared on a going concern basis and in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

A few adjustments have been made to the presentation form and designations in view of the nature of the Company. The adjustments have no effect on either profit or equity.

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the Company.

With reference to section 112 of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The Financial Statements have been prepared under the same accounting policies as last year except for the below mentioned change regarding recognition of revenue and receivables.

The Financial Statements are presented in DKK million.

#### Change in accounting policies

The Company has changed the accounting policies for recognition of revenue from contracts with customers. Revenue from contracts with customers are recognized based on transfer of control as interpreted based on IFRS 15 either at the point in time, where control transfers to the customer or over time as the control passes to the customer. Revenue has until now been recognized based on IAS 18 and IAS 11 as revenue from sale of goods, construction contracts or services. The change will affect the share of profit/loss in subsidiaries.

Furthermore, accounting policies for impairment of financial receivables have been changed. Previously, impairment of financial receivables have been recognized based on an incurred loss model, when objective indicators have been incurred. As from 2018, impairment of financial receivables are based on the expected loss model as described in IFRS 9.

The changes in accounting policies have affected equity as of 1 January 2018 with negatively DKK 346.2m.

#### Foreign currency translation

Transactions in currencies other than the functional currency are translated at the exchange rate prevailing at the date of the transaction. Monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rate as at the balance sheet date. Foreign exchange gains and losses are included in the income statement as financial income or expenses.

## Note 18: Accounting policies - continued

### Income statement

#### Share of profit/loss in subsidiaries and associated companies

Share of profit/loss in subsidiaries and associated companies is recognised net of tax and corrected for the share of unrealised intra-group gains and losses. The line item also includes amortisation and impairment of goodwill recognised as part of the equity investment.

#### Expenses

Other external expenses comprise expenses for administration, office supplies, etc.

#### Other income

Other income comprises gain on sale of fixed asset investments, etc.

#### Other financial items

Other financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Fair value adjustments on securities are recognised in the income statement under financial items.

#### Tax

Tax comprises an estimate of current and deferred income tax as well as adjustments to previous years of those.

Tax is recognised in the income statement to the extent it arises from items recognised in the income statement.

### Balance sheet

#### Investment in subsidiaries and associates

Investment in subsidiaries and associates are accounted for under the equity method. The investments are initially recognised at cost and adjusted thereafter to recognise the company's share of the post-acquisition profits or losses of the investee, and the company's share of movements in equity of the investee. Dividends received or receivable from subsidiaries and associates are recognised as a reduction in the carrying amount of the investment.

When the company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the company and its subsidiaries are eliminated in full. Unrealised gains on transactions between the company and its associates are eliminated to the extent of the group's interest in these entities.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the company.

#### Receivables

Receivables in subsidiaries and other receivables are generally recognised at nominal value, substantially corresponding to amortised cost and impaired for expected losses. Impairment of receivables are based on the expected loss model as described in IFRS 9.

#### Securities

All other equity instruments where APMH Invest A/S does not have either control, joint control or significant influence is measured at fair value and the fair value adjustment is recognised in the income statement under financial items.

Fair value of shares, bonds, etc, are recognised on the trade date at fair value and are subsequently measured at market price as regards listed securities and at an estimated fair value as regards other equity investments.

#### Prepayments

Prepayments comprise commitment fees.

#### Deferred tax

Deferred tax is provided for based on the difference between the carrying amount and the tax base of assets and liabilities. Deferred tax is not recognised in respect of goodwill which cannot be deducted or amortised for tax purposes, or in respect of temporary differences which at the date of transaction do not affect either profit for the year or taxable income. Moreover, no provision is made for deferred tax on differences relating to investments in subsidiaries and associates to the extent that taxable distribution is not likely in the near future. Deferred tax assets are recognised solely to the extent that the tax asset is likely to be utilised within the near future.

#### Cash

Cash comprises cash in bank deposits.



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## Note 18: Accounting policies - continued

### **Provisions**

When the company has a present legal or constructive obligation from past events, provisions are recognised based on best estimates and are discounted where the time element is significant and where the time of settlement is reasonably determinable.

### **Liabilities**

Financial debts and other financial liabilities are recognised initially at fair value net of transaction expenses. Subsequently, financial debts are measured at amortised cost, substantially corresponding to nominal value.

### **Other areas**

#### **Derivatives**

Derivative financial instruments are recognised on the trade date and are measured at fair value calculated according to generally accepted valuation methods and based on relevant observable swap curves and exchange rates. Derivative financial instruments with a positive fair value are recognised in other receivables, whereas derivative financial instruments with a negative fair value are recognised in other payables.

#### **Business combinations under common control**

Business combinations under common control are accounted for at carrying values using predecessor accounting i.e. pooling of interest when the entity acquired has been under control of another member of the same group company before the acquisition. A difference between the carrying value and the consideration paid are recognised directly in equity. Comparative information is restated as if the acquired entity has always been owned by the company.

#### **Definitions of financial ratios**

Return on equity after tax is calculated as profit for the year after tax in proportion to average equity for the year.

Equity interest is calculated as equity end of year in proportion to balance sheet total end of year.

# REPORTS


# MANAGEMENT'S STATEMENT

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

Copenhagen, 2 April 2019


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## Executive Board

  
Martin Nørkjær Larsen

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## Board of Directors

  
Robert Maersk Uggla  
Chairman

  
Jan Thorsgaard Nielsen

  
Martin Nørkjær Larsen

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

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

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

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



# INDEPENDENT AUDITOR'S REPORT

To the shareholder of APMH Invest A/S

International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

## Management's responsibilities for the Financial Statements

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

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

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of APMH Invest A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the



**Auditor's responsibilities for the audit of the Financial Statements**

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

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

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

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

Copenhagen, 2 April 2019

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 17 31



**Mogens Nørsgaard Mogensen**  
State Authorised Public Accountant  
MNE-number 21404



**Thomas Wraae Holm**  
State Authorised Public Accountant  
MNE-number 30141