ANNUAL REPORT 2017

Burmeister & Wain Scandinavian Contractor A/S
Gydevang 35, DK-3450 Allerød, Denmark
Company reg. no. (CVR): 87929116

"Whilst some work remains to be done, I am confident that we have in place the right foundations and the right people to deliver the long-term success of the business. Strategy route 2021 has delivered the platform required for BWSC to adapt to the changing energy market to deliver value for clients, colleagues, partners and wider society."

Anders Heine Jensen
CEO

Contents

Front page: St Louis power station, Mauritius
BWSC acheived TOC on the latest St Louis project in October 2017.

CEO STATEMENT

A year of challenge and organisational change

2017 was a tough year for BWSC. Most parts of the Group performed on a high level within a competitive energy market; however the year has presented a number of challenges. The financial performance of a number of EPC projects has been lower than expected, resulting in an loss before tax for 2017. The process leading to the bankruptcy of Burmeister & Wain Energy (BWE) and the related costs for BWSC is a key factor for the negative profit development.

Entering 2018 our key focus has been to ensure that the effected power plants are built according to our high standards despite the bankruptcy of BWE and issues with a key component supplier. The projects, which have resulted in unsatisfactory financial performance in 2017, are now in operation and the commercial negotiations with the clients are in the final stages. The experience has provided us with valuable lessons-learned and we enter 2018 with a profitable outlook.

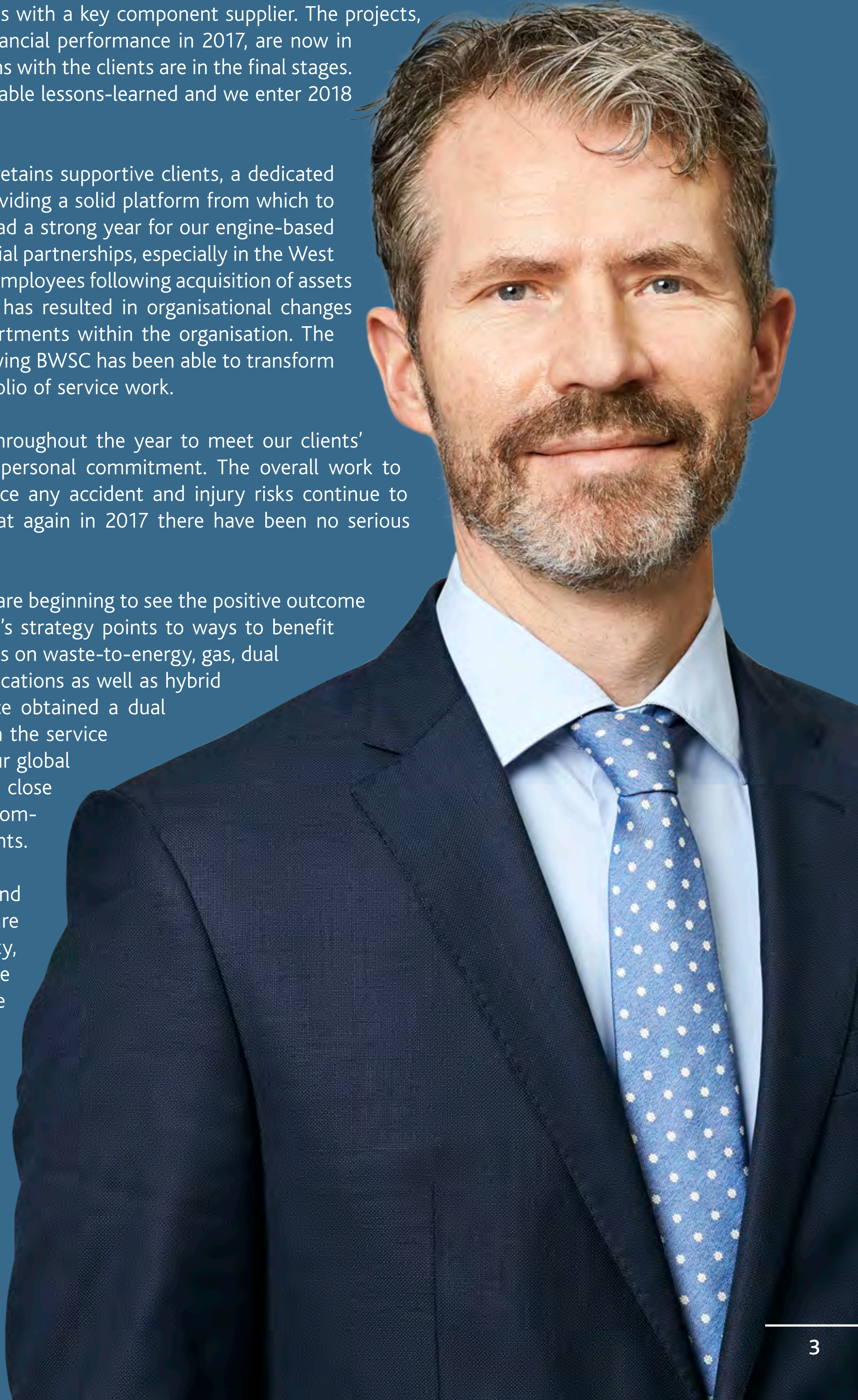
Despite challenges faced in 2017 BWSC retains supportive clients, a dedicated workforce and growing core markets, providing a solid platform from which to develop our business. We have in 2017 had a strong year for our engine-based products and further expanded our financial partnerships, especially in the West African market. The integration of skilled employees following acquisition of assets from BWE in the beginning of the year has resulted in organisational changes and integration of dedicated boiler departments within the organisation. The integration has been successful and following BWSC has been able to transform the assets into an expansion of our portfolio of service work.

Our employees have worked tirelessly throughout the year to meet our clients' expectations. We thank them for their personal commitment. The overall work to improve our procedures, to further reduce any accident and injury risks continue to improve, and I am pleased to report that again in 2017 there have been no serious accidents whilst on duty.

In terms of our continuing operations we are beginning to see the positive outcome of our Route 2021 strategy work. BWSC's strategy points to ways to benefit from new market trends with special focus on waste-to-energy, gas, dual fuel and liquefied natural gas (LNG) applications as well as hybrid power solutions. In 2018 we for instance obtained a dual fuel order for a power plant in Africa. On the service side we continuously strive to develop our global impact and operations by developing close partnerships with existing and new customers, as well as within new business segments.

With strong focus on client expectation and development of our framework to ensure both internal and external productivity, BWSC stands well prepared to seize future growth opportunities. We would like to thank our customers, partners and suppliers for dedicated support and good cooperation in 2017 and look forward to continue the coorporation in 2018.

Anders Heine Jensen
CEO



BWSC AT A GLANCE

Revenue	Order backlog	Solidity
DKKbn 2.9	DKKbn 7.1	35
2016: 2.9	2016: 6.7	2016: 42

184 EPC PROJECTS

54 COUNTRIES

2.7

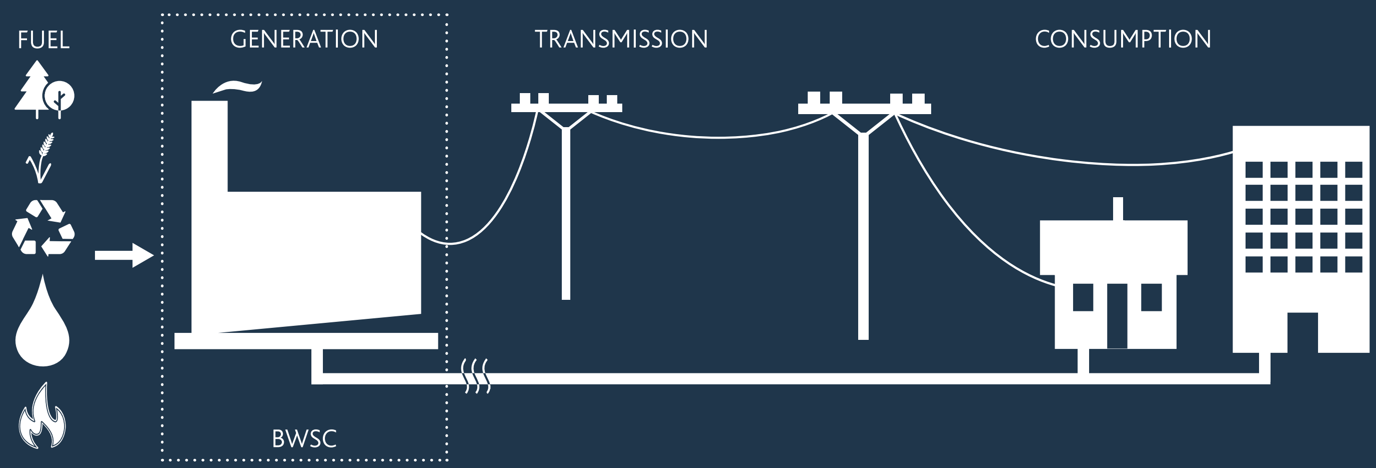
LOST TIME INJURY FREQUENCY

2016: 2.5

10

IPP INVESTMENTS IN POWER PLANTS

BWSC is a global and leading provider of tailored power plants and offers support to its customers in all phases of the power plant life cycle – from project development to plant operation.



Average no. of employees

715

2016: 577

New employees in 2017

more than 150

Nationalities

+25

MW 4,015 INSTALLED AS EPC TURNKEY

79%

21%

GROUP FINANCIAL HIGHLIGHTS

	2017 DKKm	2016 DKKm	2015 DKKm	2014 DKKm	2013 DKKm	2017 EURm*
Income statement						
Revenue	2,882	2,946	2,106	1,815	1,517	387
Gross profit	202	297	244	131	221	27
Net financials	3	-11	7	6	-6	0
Profit before tax	-22	110	101	21	91	-3
Profit for the year	-24	85	76	17	65	-3
Balance sheet						
Total assets	1,963	1,832	1,836	1,496	1,288	263
Cash	358	214	774	708	538	48
Equity	678	763	727	630	623	91
Interest-bearing debt	169	172	25	28	31	23
Investments in tangible fixed assets	11	12	6	6	5	1
Cash flows						
From operating activities	221	-331	273	323	-196	30
From investment activities	-31	-337	-195	-121	-57	-4
From financing activities	-46	108	-12	-33	-30	-6
Financial ratio (%)						
Gross margin	7	10	12	7	15	7
Profit ratio	-1	4	5	1	6	-1
Solidity	35	42	40	42	48	35
Return on equity	-3	11	11	3	11	-3
Other information						
Order intake	3,769	3,036	2,655	3,701	3,801	506
Order backlog	7,120	6,687	6,597	6,018	4,110	956
Average number of full-time employees	715	577	557	484	450	715
Of which employed by the Parent Company	473	383	355	287	296	473

The profit ratio has been calculated as profit before tax proportional to revenue. The calculation of the remaining financial ratios are described in note 7.1 in the Financial statements.

* The key figures are translated at the year-end EUR exchange rate of 7.45

Five year EUR group financial highlights are included on page 71

The order backlog for 2017 DKKm 7,120 is specified in more detail on page 13

WHO WE ARE

WHO WE ARE

Driven by our passion for optimal energy solutions, our aim is to create value for all stakeholders.

In executing our energy solutions we aim to achieve a balance between:

Reliable and affordable energy: We are committed to helping our partners achieve the most efficient energy technology available in the market today resulting in reliable power at reasonable costs to the consumers.

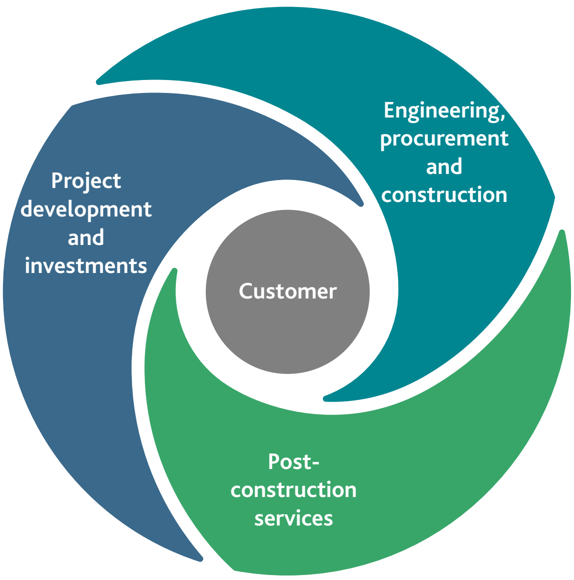
Cleaner air: We aim to ensure optimal balance between low environmental impact and low cost of ownership for the power plant owners. To strengthen our climate efforts, we strive to continuously develop innovative products and processes that improve the sustainability of our power plants. We always offer our customers assistance to chose project specifications that lower CO_2 emissions and improve efficiency of the power plant.

Sustainable development: Through facilitation of affordable, reliable and modern energy which is resulting in improved local energy supply, our projects will have a positive and sustainable impact on development, growth and employment for our partners and customers, their businesses, and their communities.

WHAT WE OFFER

Our core business is engineering, procurement & construction (EPC), post construction services, as well as project development & investment (PDI) of power plants. In 2017 we acquired assets and has taken over highly skilled employees enabling us to supply and service complete biomass boiler solutions, which has enhanced our core business.

In executing our energy solutions our attention to environmental, social and governance responsibility includes working within parameters of national legislation and working towards implementing international standards set by, inter alia, the UN and the World Bank. Where possible we strive to exceed legal requirements in order to be innovative and demonstrate leadership on the issues that are important to our stakeholders and us.



PROJECT DEVELOPMENT AND INVESTMENTS

- Developer and investor in engine and boiler-based power plants
- Investments in ten power plants at a total value of more than DKKm 750 (EURm 101)

ENGINEERING, PROCUREMENT & CONSTRUCTION

- Turnkey contractor
- Engine-based and boiler-based power plants, Power barges and hybrid power solutions
- Tailored solutions
- Boiler supplier

POST CONSTRUCTION SERVICES

- Sales of spare parts & training
- Technical Support Agreements
- Operation & Maintenance
- Rehabilitation

PROJECT DEVELOPMENT AND INVESTMENT

BWSC takes an active role in establishing the commercial, financial and legal arrangements needed to develop, construct and operate an Independent Power Producer (IPP) entity. IPPs are a great help to a country's energy sector, and it is often crucial that the private sector plays an active role in addressing the future power needs of a country. This will reduce the funding burden on governments and electricity generating companies as well as introduce new power generation solutions.

BWSC is an experienced developer and power plant investor. We support our partners in all aspects of the project, from development lead to project implementation.

In June 2017 BWSC was awarded a contract to build a high-efficient power plant which will increase the power capacity in Mali by 25 percent and is expected to have a positive impact on employment, growth and development in the country.

The IPP project has been developed with support from BWSC, who together with the Danish Investment Fund for Developing Countries (IFU) and African Infrastructure Investment Managers (AIIM) have invested in the project.

In addition to construction of the power plant, BWSC will operate and maintain the plant for at least 13 years.

The project has introduced BWSC to a number of new strong financing partners with links to the West African market.

An IPP is a private entity which owns and/or operates electricity generation facilities recovering costs from the sale of electricity.

IPPs can provide access to reliable and low-cost energy, essential to achieve sustainable economic growth and the opportunity to develop business and society.

IPP INVESTMENT TO DATE

4 x ENGINE-BASED POWER PLANTS

6 x BOILER-BASED POWER PLANTS

ENGINEERING, PROCUREMENT AND CONSTRUCTION

BWSC is a global and leading EPC contractor of tailored engine and boiler-based turnkey power plants. We are obligated to deliver a complete plant to the customer, at an agreed price, date and at a specified performance level.

We have 30 years of experience as a global market leader within 10-300 MW engine-based power plants and in 2017 we expanded our product portfolio to include a 60-150 MW marine power barge for HFO and gas/dual fuel operation. In 2018 we see a great potential for this segment. A LNG-to-power solution; packaging a power barge with an LNG storage and regasification barge (FSRU), supplied by our sister company TGE Marine is also a great opportunity.

In December 2017 BWSC was awarded a contract to build a 120 MW dual fuel power plant in Benin. Once completed, it will be the most efficient plant of its type in the region. Thanks to the duel fuel technology, the plant will be able to operate on natural gas once the supply is established. Benin has a rapidly growing demand for power, estimated at 6 percent per year and this new project is expected to significantly enhance the much needed electricity supply in Benin.

We are also experienced providers of 15-70 MW boiler-based power plants and have achieved a status as UK market leaders within supply of wood and straw-fuelled plants. Our recent status as boiler supplier (lot and islands – lot is just the boiler whereas islands is the scope from fuel feeding to boiler, till outlet stack and depending on solution also including flue gas treatment) is a segment that is expected to be an important part of BWSC business efforts in the years ahead.

Following the February 2017 acquisition of assets and skilled employees from the former Burmeister & Wain Energy (BWE), we have expanded our portfolio to include supply of boiler lot(s) and boiler Island(s).

The boiler offered by BWSC is based on the same technology used at the Avedøre Power Plant, Unit 2, located in Denmark. This is one of the most efficient, fuel flexible, and environmentally friendly power plants in the world. The net output of the plant is 400 MWe, burning 1,000,000 tons of pellets yearly.

BWSC boilers have high fuel flexibility and solutions are available for all virgin fuels – from traditional wood chips to agricultural residues with high chlorine / high alkali content such as cereal straw.

INSTALLED EQUIPMENT IN EPC PROJECTS TO DATE

397 x


ENGINE-BASED POWER PLANTS

9 x


BOILER-BASED POWER PLANTS

POST CONSTRUCTION SERVICES

A well-defined and well managed maintenance regime is essential to smooth and reliable operation of a power plant.

We provide a comprehensive set of post-construction services ranging from sale of spare parts, training, maintenance, upgrades and rehabilitation of power plants to Technical Service Agreements (TSA) and Operation and Maintenance (O&M) contracts both on BWSC built and non-BWSC built power plants.

Under the long term O&M agreements BWSC guarantee availability and cost levels by taking full responsibility for the operation and maintenance of the power plant, which includes operations, conducting plant maintenance whilst striving for continual optimisation and enhancement.

We always strive to meet our customer's expectations through trusted partnerships and high attention to the customer's needs and project specific requirements.

2017 has been a very busy and successful year for service activities. One O&M contact was extended and new O&M contracts in Mali and Japan were secured.

The integration of skilled employees following the assets acquired from the former Burmeister & Wain Energy (BWE) in the beginning of the year has been successful and following BWSC has been able to transform the service part of the business taken over, into an enhanced portfolio of boiler service work.

In April, BWSC was awarded our first major boiler contract, a contract for fuel conversion of an existing 100 MW heat only boiler used for district heating in Uppsala, Sweden.

In July BWSC was awarded a boiler retrofit contract from the Swedish energy company Borås Energi och Miljö on the waste-to-energy plant Ryaverket in Borås, Sweden.

In August BWSC was awarded a contract for rehabilitation work on the 124 MW power barge ESPERANZA moored in Puerto Quetzal, Guatemala, to be moved and produce electricity in Puerto Manzanillo, Colón, Panama.

In August BWSC received TOC on the Macau recovery project of two engines and building structure for the client CEM.

MARKET DEVELOPMENT

The OECD market forecast 2015-2040 indicates that engine-based power plant technologies continue to play a major role in the energy supply market. In 2017 the market reflected the positive projection with several countries having announced major investment programs well suited for engine-based power generation.

Gas and dual fuel is predicted to grow faster than liquid fuel in medium term. BWSCs strategy to develop hybrid power solutions, combining engine-based power with renewable energy sources, is in-line with the projection that major investments in the years ahead will be in renewable energy. BWSC's traditional markets in the Caribbean, South and Central America, Middle East and Africa are all active and show high potential for engine-based power generation in 2018 and beyond.

The market potential for floating power generation is high both through direct sales and through leasing/rental arrangements. The LNG-to-power market is opening up for smal power projects due to broader changes in the liquefied natural gas (LNG) industry and BWSC will be able to enter the market with our power barge only or as a 'package' approach that will see the storage and regasification barge (FSRU) constructed at the same time and in the same shipyard as the BWSC power barge - and then delivered together to reduce overall costs. Key markets for floating power generation include West Africa in general as well as selected markets in Asia.

The UK ROC support scheme has now been replaced with the Contract for Difference (CfD) scheme, which is less favourable for dedicated biomass power generation. The new incentive scheme means that only Advanced Conversion Technology (ACT) projects or Combined Heat and Power (CHP) projects can become economically viable in the UK. In general the shift in the UK moves the market towards waste feedstocks based on ACT and mass burn incineration with gate fees as the primarily revenue stream. As part of the BWSC strategy towards 2021, which paves the way for entering the waste-to-energy segment, we have among other focus on the UK market potential, where one third of the new European waste-to-energy capacity is being built, driven by policies to reduce landfilling.

Looking ahead in 2018 we foresee promising markets for boiler systems (EPC projects, lots and islands) in a number of countries for straw-fired and biomass conversion applications in particularly. In addition, we will concentrate on EPC dedicated biomass leads in selected markets.

As regards dedicated service projects we see a promising market for servicing insurance related claims and servicing of non-BWSC-built power plants.

Strategic direction

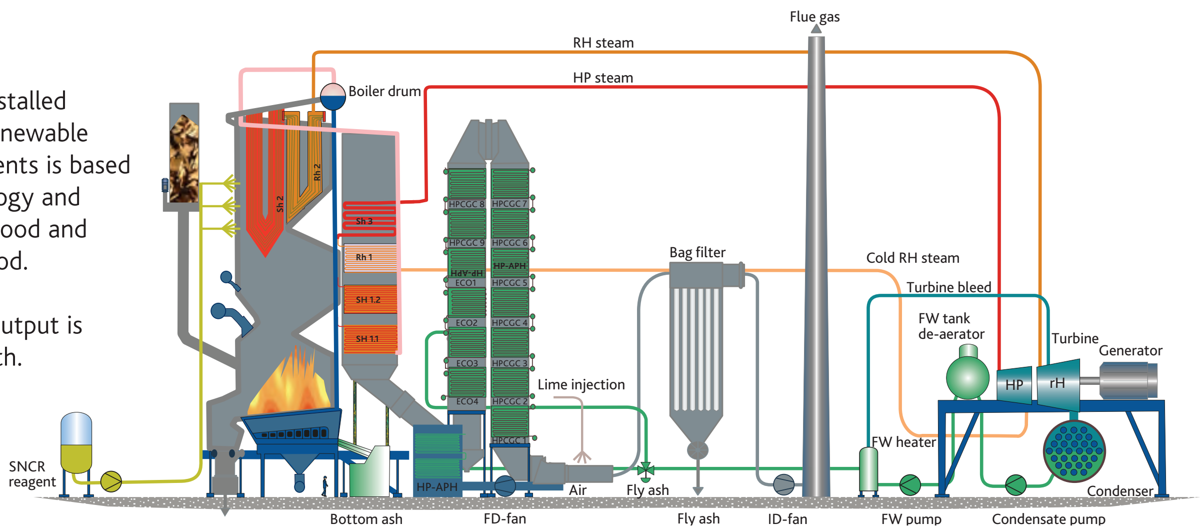
BWSC's strategy towards year 2021, Route 2021, highlights the importance of innovation and adaptability to maintain competitiveness in a changing energy market. BWSC's strategy is to continue in the current direction while developing new business areas and improving competitiveness. Our strongest positions are within the core engine markets in Africa, South East Asia, Latin America and the Middle East as well as within the biomass market in Northern Europe. BWSC's strategy points to ways to benefit from new market trends in these areas with special focus on waste-to-energy, gas/LNG applications, power barges as well as hybrid power solutions.

Customer base

BWSC's customer base is mainly composed of regional utility companies, but over the last couple of years, private and investment funds have to a larger extent entered this market. Within the boiler-based market segment, the customer base mainly comprises private companies and investment funds, but also regional utility companies.

The BWE Boiler installed at Cramlington Renewable Energy Developments is based on reheat technology and fired with virgin wood and clean recycled wood.

The power plant output is 26 MWe + 6 MWth.

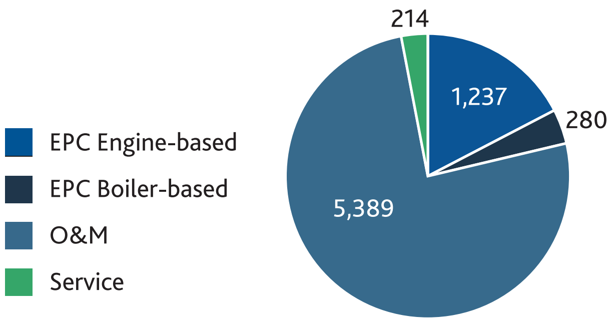


BWSC BUSINESS SETUP

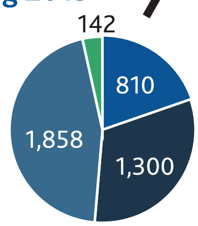
The power plant industry is volatile and reacts to fluctuations in the economy and public regulations. An upturn or a downturn will inherently affect the investment in new power plant capacity. BWSC's business-setup with outsourcing of e.g. manufacturing of boilers, engines and turbines to external suppliers or consortium partners as well as being a flexible organisation with a flexible cost structure enables BWSC to adjust the business according to the financial environment and steer safely through upturns and downturns.

Furthermore, the long-term O&M contracts of up to 20 years and ensure stable earnings in times of fewer EPC contracts.

Order backlog 2017
DKKm 7,120



Order backlog 2013
DKKm 4,110



The number of O&M contracts and contract amounts have significantly increased in recent years. The O&M order backlog has increased from DKKm 1,858 at end-2013 to DKKm 5,389 at end-2017. The O&M order backlog will generate revenue and income for BWSC for the next 20 years.

The project duration for engine-based EPC projects is up to 18 months, whereas the project duration for boiler-based EPC projects is up to 30 months. An EPC order backlog of DKKm 1,517 ensures that BWSC to a certain degree has time to adjust the business setup if needed going forward.

St Louis power station, Mauritius
January 2018

COMPETENCE POOL

At BWSC, employees, systems and procedures are key to executing projects in the best possible way, and the development and success of BWSC highly depends on competent employees with a high level of expertise and commitment.

In-house competences include high-level engineering, technological innovation as well as well-proven project management and site management skills. Competences also include power plant operation skills, insights in financial markets and legal frameworks. Based on these capabilities BWSC continuously develops the most efficient energy solutions within the requirements set by the customer.

Employees

In 2017, we welcomed more than 150 new employees to BWSC, and the average number of full-time employee amounts to 715 of more than 25 nationalities in the Group. 473 of these are based at the head office in Denmark, and 242 are positioned around the world working in construction or service sites subsidiaries.

With the acquisition of Burmeister & Wain Energy (BWE) biomass activities and other activities in February 2017, BWSC welcomed more than 80 new employees. BWSC has a shared history with BWE and knew the company and many of the employees very well before the take over. BWSC and former BWE employees have in 2017 worked together to continue and further develop BWSC's success in the boiler market, in line with BWSC's Route 2021 strategy.

To maintain and develop skills and competences of the employees and to stay at the forefront of the technological development, BWSC places great emphasis on further education and training of employees. BWSC encourages and supports internal job rotations to promote knowledge sharing and a broad knowledge of BWSC's various business areas.

Cooperation with the engineering hub, DASH Engineering, in the Philippines started in 2015 and is ongoing. Both DASH and BWSC are subsidiaries of the MES Group. Employees from BWSC have been working out of the Philippines, and DASH employees have been working out of Denmark to improve cooperation and knowledge sharing.

In order to support the employees in their everyday work and generally increase efficiency, administrative and IT systems are constantly updated.

Dedicated employees as well as a constructive and inspiring working environment and the ability to foster talent are crucial elements to BWSC's future growth and development. To create a basis for dialogue and promote commitment and engagement among the employees, BWSC carries out employee satisfaction surveys on an ongoing basis. The latest survey was carried out in November 2015 with a very high response rate. The results showed high job satisfaction and very high loyalty and commitment among BWSC's employees. Reviews of the survey at departmental level were carried out, and in 2017, further initiatives were taken to improve employee satisfaction. In this regard the personnel forum and the many social activities arranged through the BWSC staff club play a major part in employee well-being.

Quality management and occupational health and safety

Delivering high quality products in a safe and healthy environment is at the core of BWSC's business. All our power plants are built to recognised standards and norms, and BWSC continuously strives to improve and streamline its processes and products together with our partners.

In 2014, BWSC was awarded the ISO 9001 certification for Quality Management, and In October 2016, BWSC was further certified compliant to the OHSAS 18001 Occupational Health and Safety Management System standard. Among the major achievements in 2017 is the ISO 14001:2015 standard certification for Environmental Management, obtained in December. With this certification BWSC is committed to improve performance on environmental impacts at the head office and at the Sleaford, Lisahally and Brigg O&M sites. Other achievements include expansion of the OHSAS 18001:2007 standard (Occupational Health and Safety Management) certification to include Sleaford, Lisahally and Brigg O&M sites, as well as expansion of the ISO 9001 standard certificate for quality management to include Sleaford (obtained in 2016), Lisahally and Brigg O&M sites. Also obtained in 2017 is the ISO 3834-2 standard certification on Production Control Quality Requirements for Welding covering the new BWSC boiler departments.

The target for 2018 is to expand the ISO 14001:2015, OHSAS 18001:2007 and ISO 9001 standard certifications further to include at least one additional O&M site in the UK, as well as the Rabai O&M site in Kenya.

Further information and 2018 targets set for health and safety at BWSC can be found on page 26.

Fuel arriving at Snetterton Renewable Energy Plant, UK
January 2018

History and ownership

BWSC originates from the Danish Burmeister & Wain Group, which was a large shipyard and a leading producer of diesel engines and steam boilers with its earliest roots dating back to 1843. The company grew to become one of the leading employers in Copenhagen, Denmark, for nearly a century.

In 1979 and 1980, the company was split into several entities and the engine division was sold to the German MAN Group. The B&W steam division was sold under the name Burmeister & Wain Energy A/S (BWE) to a German boiler company. In 2002 the company was taken over by an italien company.

The Burmeister & Wain contractor division was established in 1977 to increase the share of Burmeister & Wain's stationary diesel engine plants. In 1980, the division became an independent company and was in 1990 sold to Mitsui Engineering and Shipbuilding Co. Ltd. (MES) in Japan, with Mesco Denmark A/S as the direct owner.

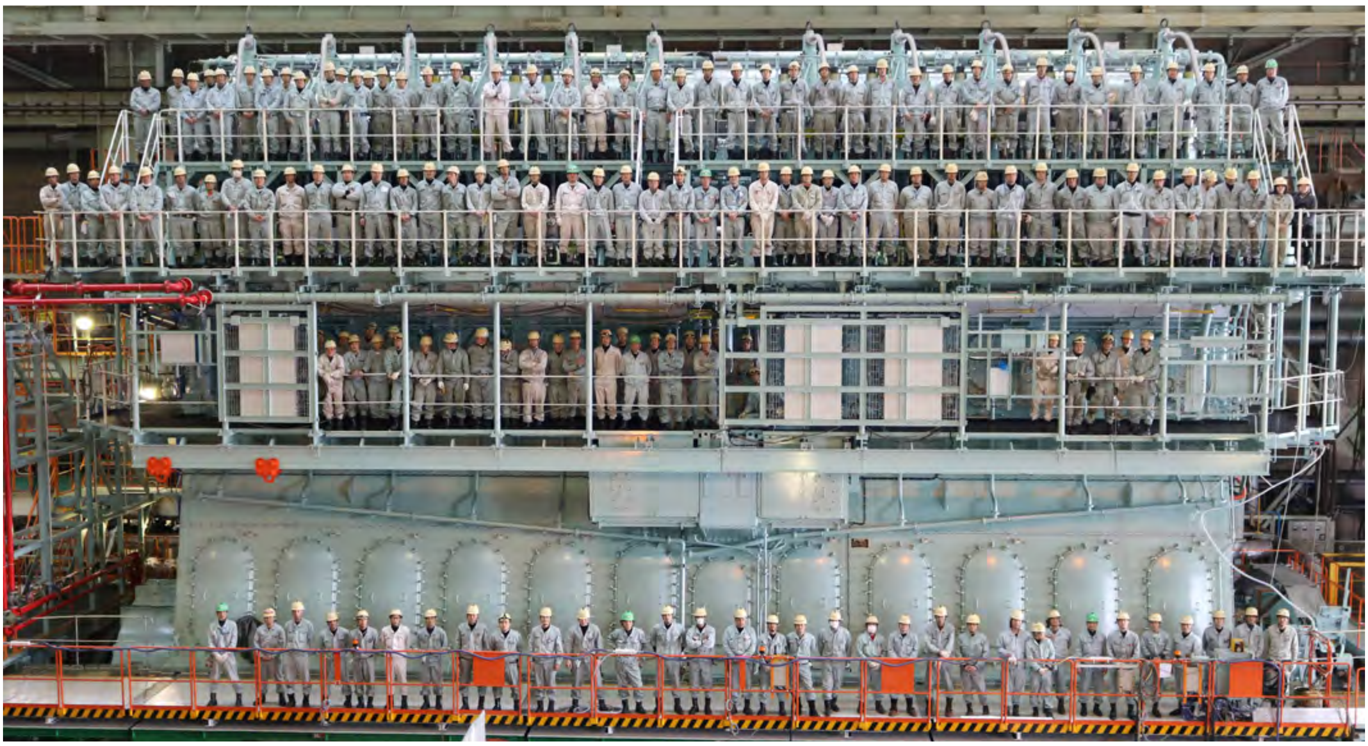
MES is one of Japan's leading heavy industry companies and is listed on the Tokyo Stock Exchange. In the fiscal year 2016/2017, MES had a group revenue of approximately USDbn 6.6. The MES Group employs approximately 13,000 people.

Since its establishment in 1917, MES has delivered trusted products and plants worldwide. MES has three main business segments; Ship & Ocean, Machinery & Systems as well as Engineering. The Ship & Ocean segment builds merchant vessels as well as military ships. The Machinery & Systems segment mainly produces marine diesel engines and cranes. The Engineering segment provides EPC (engineering, procurement, and construction) services to construct petrochemical and environmental plants. BWSC has referred to the Engineering segment of MES, but in 2017 MES decided to introduce a holding company structure as of April 2018. This will impact BWSC's position in the group. BWSC will together with the above three segments and other segments, have reference to MES Holding Co.

In 2015, MES acquired ownership of TGE Marine (registered as MES Germany Beteiligungs GmbH), a German gas carrier engineering company. TGE Marine and BWSC further entered into partnership in 2016 to develop a complete LNG storage and floating barge solution as stated on page 10.

On 6 February 2017, BWSC entered into an asset deal with BWE for the acquisition of BWE's biomass activities and other activities, including more than 80 former BWE employees. Both companies are historically rooted in the old Danish shipyard, Burmeister & Wain, and have for the past 150 years individually specialised in engineering and delivery of technologically advanced thermal power plants. The asset deal secures BWSC's position as a leading provider of technologically advanced boiler systems.

Diesel engine for large container ship
MES, December 2016



FINANCIAL REVIEW

Snetterton, UK

The Snetterton Renewable Energy Plant handed over April 2017 – one month ahead of schedule

FINANCIAL REVIEW

Revenue of DKKm 2,882 (2016: DKKm 2,946) in a year with an loss before tax of DKKm 22 (2016: profit of DKKm 110). The loss is related to challenging projects which now are in operation and the commercial negotiation with the clients are in the final stages. BWSC is looking into a profitable 2018.

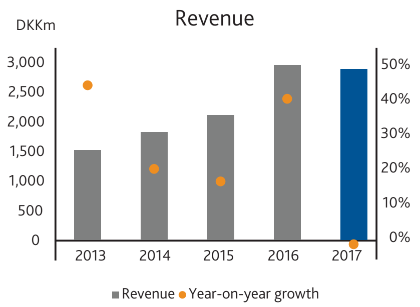
Order intake for 2017 has exceeded expectations with an order intake of DKKm 3,769 (2016: DKKm 3,036). The order intake consists of two engine-based EPC projects in Mali and Benin and the remaining scope for the biomass EPC projects in the UK, which BWSC has taken over in connection with Burmeister & Wain Energy's financial difficulties. Further insight included in the boiler activities textbox below. In 2017 we have furthermore obtained an O&M contract in Mali, an O&M contract in Japan and an extension of a current contract in Kenya. A growing number of other service projects have been obtained in 2017. The order backlog amounts to DKKm 7,120 (2016: DKKm 6,687), which is all time high. On page 13, the order backlog is broken down into EPC engine-based, EPC boiler-based, O&M and service. The high order backlog ensures BWSC visibility into the coming years.

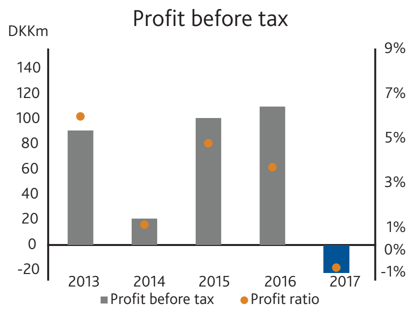
The activity level at BWSC is high with revenue for 2017 of DKKm 2,882, which is almost in line with all time high revenue for 2016 of DKKm 2,946. The growth in revenue 2012-2017 amounts to 170%, equal to a compounded annual growth rate (CAGR) of 22%. A revenue graph for the years 2013-2017 is included below. 77% of the revenue is related to the EPC activities (2016: 85%).

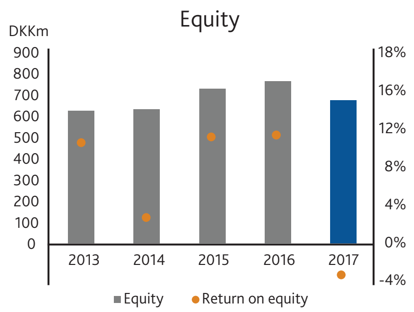
The financial performance for a number of EPC projects has been below expectations, which has resulted in an loss before tax for 2017. The process leading up to the bankruptcy of BWE with below planned progress for the projects and the related cost for BWSC has had a material negative impact on the financial performance of BWSC. BWSC's key focus has been to ensure that the power plants have been built according to our high quality standards. Beside the impact from the BWE bankruptcy, an issues with a key component supplier has had a negative impact on the financial performance. The projects, which have resulted in the unsatisfactory financial performance in 2017, are now in operation and the commercial negotiation with the clients are in the final stages. The other projects have performed almost according to, in line with or above expectations.

Two engine-based projects in the Middle East were suspended in 2014 due to milestone payments not being paid on time. The outstanding milestone payments were paid at the end of 2014, and the suspension was lifted at the beginning of 2015. BWSC has claimed the customer for direct costs, overhead and profit. A part of the costs related to the claims has been included in the project accounts over the years. At the end of 2016, the Taking-Over-Certificates (TOC) were signed by the customer. In 2017 focus has been on verification of the claims together with the client's representatives. When the verification has been finalised the claim negotiations will commence. A material part of the claim income cannot be recognised as income due to the claim negotiations not being finalised. The outcome of the claim settlement is uncertain and could have a material positive impact on profit before tax when the claims have been settled.

BWSC has made a number of investments in power plants together with partners. The main investments are the Brigg, Snetterton and Kent biomass power plants in the UK. The Brigg and Snetterton power plants are in operation and the Kent power plant is under construction. A key element for the financial performance of the plants is the sales price for the power produced. In 2017, the power price in the UK has been below expectations, which have a negative impact on profit from investments in associated companies compared to expectations. Profit from investments in associated companies amounts to DKKm -23 (2016: DKKm 3 income).







Profit before tax for 2017 amounts to DKKm –22, which is a decrease compared to 2016 of DKKm 132. A profit before tax graph for the years 2013-2017 is included.

BWSC has in 2016 invested DKKm 248 in the Kent power plant and has further paid in DKKm 20 in 2017. The plant will be built by BWSC and the project has furthermore secured BWSC an O&M contract. BWSC has entered into an agreement where a main part of the Kent investment will be sold. When the ROC accreditation has been achieved late 2018/early 2019 (ROC is the UK support scheme for renewable energy, which will be replaced by the CfD support scheme). The project is the last of a number of projects in the UK under the ROC scheme for BWSC. The ownership share in BWSC Power Corporation Ltd. (the Brigg and Snetterton investments) has in 2017 been reduced from 37.5% to 34.0%.

In 2016 and 2017, BWSC has been working on a power barge concept as part of the engine based business. In 2017 DKKm 9 has been recognised as development costs (2016: DKKm 7), taking the power barge development costs to DKKm 16 in total. The development activities have been finalised end-2017 and BWSC is ready to re-enter the power barge market.

Cash flow from operating activities amounts to DKKm 221 (2016: DKKm -331) and DKKm -31 (2016: DKKm -337), respectively, which has generated a positive cash flow from operating and investment activities of DKKm 190 (2016: DKKm -668). The improvement of DKKm 858 is mainly driven by a reduction in investments of DKKm 306 and improvement in working capital of DKKm 621. Working capital management has been in focus in 2017 and will continue to be an area of focus. A committed credit facility of DKKm 250 (2016: DKKm 250) is in place of which DKKm 150 (2016: DKKm 150) has been drawn at the end of 2017. Cash DKKm 358 represents 18% of total assets.

Equity amounts to DKKm 678 (2016: DKKm 763), and the solidity level (equity in relation to total assets) equals 35% (2016: 42%). The solidity level has been reduced mainly due to the increase in cash by DKKm 144 and a reduction in equity of DKKm 85. Solitity is expected to improve going forward.

The total eliminated profit on power plants built by BWSC due to BWSC's ownership share amounts to DKKm 110 (2016: DKKm 112). The total eliminated profit is mainly related to the years 2013-2016 and will be taken to income over the operational lifetime of the power plants.

Further insight into the financial performance for 2017 is included in the notes to the financial statements. A short reading instruction to the notes to the financial statements is included on page 46.

Financial expectations for 2017 realised

In the Annual Report for 2016, the revenue for 2017 was expected to increase compared to 2016, but has declined by DKKm 64. The obtained orders for 2017 of DKKm 3,769 is above expectation but the split between EPC and O&M orders obtained are not in line with expectation. EPC projects, which ensures revenue from obtaining the project until TOC (around 2-3 years), has been below expectation, whereas O&M projects, which ensures revenue from the power plants enters into operation and over the lifetime of the contract (up to 20 years), has been above expectation.

The profit before tax ratio was expected to be in line with 2016, which with a revenue for 2017 of DKKm 2,882, amounts to a profit before tax expectation for 2017 of DKKm 109 (2016: DKKm 110). With a loss before tax of DKKm 22 and a negative profit before tax ratio for 2017 the expectation has not been met. Profit before tax for 2017 of DKKm -22 is unsatisfactory. The development is related to challenging projects, which now are in operation and the commercial negotiation with the clients are in the final stages. Further insight into the 2017 development is stated above and the notes to the Financial statements.

BWSC is looking into a profitable 2018, as stated in the 2018 outlook section of the Management Review.

Boiler activities

At the end of 2016, Burmeister & Wain Energy (BWE), our partner on a number of biomass projects in the UK, faced financial difficulties. To safeguard the projects under construction we have in February 2017 acquired the assets of BWE for DKKm 24 and employed more than 80 key people. Today the boiler activities are a key part of our main activities in BWSC adding value to our EPC (Engineering, Procurement and Construction) and post construction services business. Early 2017 BWE was declared bankrupt.

Burmeister & Wain Energy, with ultimate parent in Italy, have not been a part of the Burmeister & Wain Scandinavian Contractor Group, with ultimate parent in Japan, in spite of the Burmeister & Wain name of both companies. Further insight on page 16.

RISK MANAGEMENT

Risk and risk management is a fundamental part of our business. BWSC's business includes large turnkey construction projects and service projects in a number of jurisdictions and related contracts with sub-suppliers and consortium partners, which exposes BWSC to a number of risks.

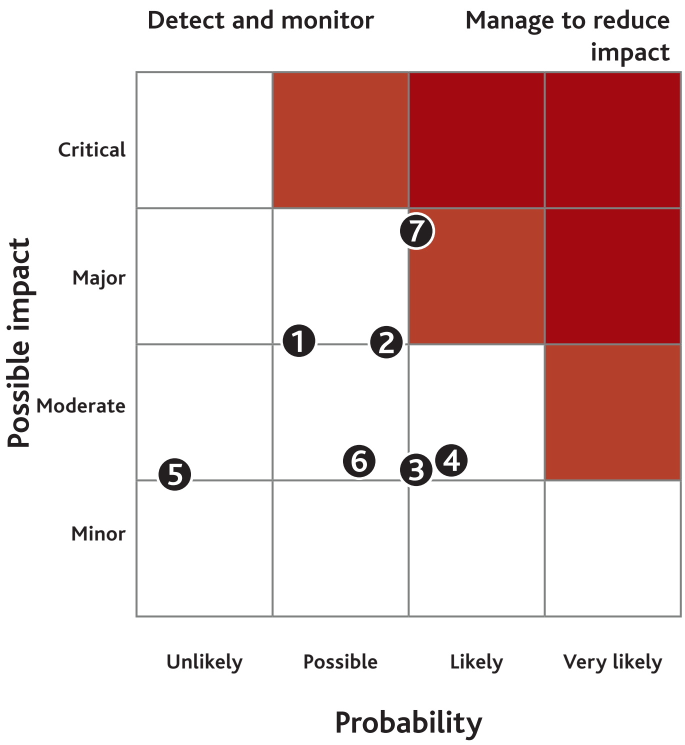
Risk will always be a significant factor in large construction and service projects, and each project is carefully evaluated in the planning and execution phases. BWSC continuously assesses risks, including possible consequences and mitigating actions. Below is a summary of some of the risks BWSC is exposed to along with the mitigating actions (net after mitigation):

Risk sharing between BWSC and the customer is based on a rational split of responsibility. BWSC's responsibility is in general contained to risks within our control, i.e. construction on time, within budget, guaranteeing efficiency and availability of the plant. The plant owner is responsible for fundamental supply issues relating to, for example, fuel supply.

BWSC's activities consist of a portfolio of engine-based and boiler-based projects in different countries. The portfolio of projects changes from year to year. The projects are not based on the same technology, and furthermore, the main suppliers may vary from project to project. The portfolio approach is essential to the overall risk management for the BWSC Group.

The power plant industry is cyclical by nature. However, BWSC's business setup allows us to manoeuvre through the cycles which are described in more detail in the Who we are section on page 8.

At the end of 2017, BWSC has invested in ten power plants in five countries (Mali, Kenya, Panama, Sri Lanka and the UK) of which four are engine-based power plants and six are boiler-based power plants. Investments in different technologies and countries are key elements in managing the investment risk.



Three boiler-based power plant in the UK is still under construction and one engine-based in Mali, and the main risk is currently related to these plants. Two of the boiler-based pants in the UK where close to reach TOC end-2017. BWSC has also entered into long-term O&M contracts for the majority of these plants which mitigates a material part of BWSC's investment risks. Further insight into the financials of the investments is included in note 3.3 to the Financial statements.

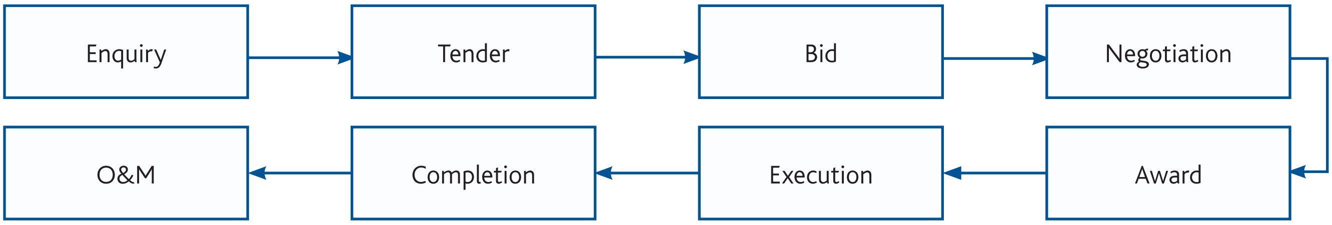
RISK	CONTEXT	MITIGATION
Safety 1	Personal safety is a basic expectation and, at the same time, a competitive aspect in the energy sector. Personal injury and fatal accidents are unacceptable, first and foremost due to the human consequences of such events, but also because they can affect BWSC's reputation and earnings.	Occupational health and safety systems, travel safety instructions and QHSE management guidelines are aimed at protecting employees, suppliers and contractors. Furthermore, we reduce the risk through a number of initiatives, including safety action plans, emergency response drills and a general focus on audits and strengthening the corporate safety culture. Further information can be found in the sustainability and corporate social responsibility section.

RISK	CONTEXT	MITIGATION
Projects 2	A large part of BWSC's business consists of being responsible for Engineering, Procurement and Construction (EPC), O&M and other contracts for large and complex power plants. A number of BWSC's projects are located in remote locations where the infrastructural, political, administrative and judicial structure standards have not yet been fully developed or can change rapidly. This can pose significant logistical challenges as well as country-specific political risks. Diligent project execution is vital to secure delivery on time and according to budget and specifications. Lack of same can cause significant cost overruns.	BWSC focuses its proposal activities to projects which match BWSC's strategic goals and core competences. This ensures that BWSC will only be involved in projects where the Company has an acceptable risk profile. All large EPC, O&M other tenders must be reviewed and approved in accordance with the BWSC risk management process described on page 22. Management reviews all EPC, O&M and other projects on a quarterly basis. Based on the assessment, a monetary value on the net risks is set. In special circumstances, a task force is established with a number of different skills to manage the risks.
Procurement 3	Manufacturing for EPC projects is performed by either consortium partners, delegated to a global network of subcontractors or suppliers. This approach has proven to be a robust and sustainable business setup which is suitable for a cyclical industry.	To mitigate procurement risks, BWSC continues to broaden the supply base by building relations with new equipment manufacturers and civil works contractors as well as entering into long-term consortium or supplier agreements with important suppliers. Inspections at key suppliers' workshop etc. are performed on an ongoing base to minimise risk.
Market 4	The power plant industry is volatile and reacts to fluctuations in the economy and public regulations. An upturn or a downturn will inherently affect the investment in new power plant capacity. The UK ROC support scheme has now been replaced with the Contracts for Difference (CfD) scheme, which is less favourable for dedicated biomass power generation. Our core market in the UK is marked by political uncertainties about the final consequences of the UK leaving the EU. The outcome of the negotiations on the future trading relationship between the EU and the UK is uncertain following the Brexit vote.	BWSC has a flexible cost structure with a healthy O&M order backlog, which means that BWSC is able to adjust the business to mitigate the effect of new market trends. BWSC's strategy (Route 2021) points to ways to benefit from new market trends with special focus on the new UK market potential, where a major part of the new European waste-to-energy capacity is being built. BWSC is working with all relevant stakeholders to ensure that Brexit will have as little impact as possible on BWSC. To continue prosperous operations in the UK, it is important that a trade agreement is reached that will not limit the free movement of power plant supply products. Foreign exchange risk management strategy is in place to help withstand the economic consequences.
Human Resources 5	In a knowledge-based company like BWSC, the employees are our most important resource. It is an ongoing focus area to attract and retain employees with the competences needed to continue to develop BWSC's business.	BWSC is focusing on staying competitive on the job market as an attractive and professional employer. Furthermore, focus is on training, educating and developing the skills and competences of the employees. Monitoring and proactively reacting on HR related KPI's is furthermore in focus.
Financial 6	BWSC is exposed to a number of financial risks due to its international operations and investments. These mainly include currency, counterpart, liquidity and tax risks.	These risks and mitigation measures are described in detail in note section 5.4 Financial risks and note section 2.4 Tax.
Investments 7	Investments in different technologies and countries are key elements in managing investment risks. Among the risk factors are currency risks, risks associated with sale of electricity and fuel cost. The most important currency risks relate to GBP due to the substantial investments in biomass plants in the UK. Electricity price risk is the risk that fluctuations in electricity sales prices could adversely impact on BWSC income generation from its power plant investments. BWSC is also exposed to risks from fluctuations in fuel cost, such as diesel and biomass due to investments in power plants fuelled by these sources.	For information on currency risk see note section 5.4 Financial risks. Each project defines an energy price hedge strategy based upon continuous analysis by the project companies. Subject to the analysis, each strategy could entail any degree of price hedging implemented in the electricity offtake agreements. BWSC safeguards the supply of fuel through centrally negotiated supply agreements with well-established suppliers. The portfolio of supply agreements must be effectively spread to minimise BWSC counterparty risk. The Kent power plant is being constructed by BWSC and meeting the deadline is being monitored closely and mitigation actions will be implemented if necessary.

BWSC's business setup with outsourcing of manufacturing to external suppliers or partners as well as being a flexible organisation with a flexible cost structure enables BWSC to adjust the business according to the financial environment and steer through upturns and downturns. Furthermore, the long-term O&M contracts of up to 20 years and return on investments ensure stable earnings in times of fewer EPC contracts.

BWSC's risk management process

Risk management within BWSC follows the project life cycle and addresses risks ranging from compliance, finance, legal, and construction to operation and maintenance.



As part of the initial screening of a project, a Know Your Customer (KYC) analysis is undertaken as well as a review of all major stakeholders involved.

Before signing large contracts or investing projects, BWSC has to go through a formalised risk check list (RCL) procedure covering all aspects of the project including technical issues, contractual terms and conditions, profitability, project planning and general risk assessment. The RCL has to be approved by the CEO and the Board of Directors. Emphasis is for instance on the planning of project execution thereby ensuring that the road is paved for a smooth implementation, etc. Strong project management and ongoing follow up on project milestones are prerequisites for a successful project implementation.

Engine inspection, January 2017
St Louis, Mauritius

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

HUMAN AND LABOUR RIGHTS

2.7
LOST TIME INJURY FREQUENCY

+25
NATIONALITIES

10%
FEMALE MANAGERS

BUSINESS INTEGRITY

100%
NEW EMPLOYEES ATTENDING CODE OF CONDUCT INTRODUCTION

80%
OF SUPPLIERS FOLLOW THE UN GLOBAL COMPACT STATEMENT PRINCIPLES

ENVIRONMENTAL

9,726 t
CO_2 SCOPE 1, 2 & 3

3.4 t/DKKm
CO_2 SCOPE 1, 2 & 3 IN RELATION TO REVENUE

SUSTAINABILITY AND CSR

For BWSC sustainability and CSR is about making the right choices through setting environmental, social and governance standards for the organisation and its surroundings.

Setting environmental standards entails management of our energy use and carbon footprint, waste, water and resource use and disposal. Social standards refer to BWSC's business relationships with suppliers, communities, employees, financial partners and other stakeholders. This includes expectations to values, community involvement, health, safety, labour and other social requirements. With regard to the governance standards, BWSC's values are defined in our Business Code of Conduct, which takes into account, inter alia actions required to avoid engaging in illegal behaviour or using political contributions to obtain favourable treatment.

BWSC CSR statement, which is available on BWSC's homepage, is the basis for our CSR work together with other policies, guidelines and tone from the top. Tone from the top has been and will continue to be a key element in our CSR work to ensure ongoing adjustments and adherence to responsible behaviour by BWSC. All employees must comply with the statement and principles of the statement is incorporated into BWSC business processes.

Based on the implementation of the Modern Slavery Act 2015 in the UK, the BWSC CSR statement also takes into account the details of this act. The Modern Slavery Act focuses on offences of 'slavery, servitude and forced compulsory labour'. BWSC has for the second time in 2017 issued a Modern Slavery Act Statement and reported separately on initiatives taken to combat offences. The statement can be found on BWSC's website.

The following sections elaborate on the key elements of BWSC's CSR and sustainability work.

OUR COMMITMENT TO INTERNATIONAL STANDARDS

Our attention to environmental, social and governance responsibility includes working within parameters of national legislation and following internationally recognised standards set by the UN and the World Bank (WB), including the International Finance Corporation (IFC) Performance Standards. Where possible we strive to exceed the requirements in order to be innovative and demonstrate leadership on the issues that are important to us and our stakeholders.

While BWSC is not a signatory to the UN Global Compact, we are committed to adhering to the principles of the Global Compact and encourage our suppliers and other business partners to support the principles. BWSC's CSR and sustainability efforts are based on the principles of the UN Global Compact in the area of human rights, labour rights, occupational health and safety, the environment and business integrity.

OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

We strive to help our clients, partners and other stakeholders achieve sustainable development by facilitating affordable, reliable and modern energy (7th SDG) and through promotion of sustainable industrialisation (9th SDB) as we ensure optimal balance between low environmental impact and low cost of ownership for the power plant owners. Further, BWSC's activities contribute to facilitating decent work and economic growth (8th SDG) through expected positive direct and indirect impact on employment, growth and development within the affected communities. To strengthen our climate efforts, we strive to continuously develop innovative products and processes, together with our partners, to improve the sustainability of our power plants.

HUMAN AND LABOUR RIGHTS

Due to the nature of BWSC's business of running large construction sites and operating power plants with heavy machinery, there is an increased risk of work accidents. Accordingly health and safety is a key focus point for BWSC, due to the human consequences of accidents but also because accidents can affect BWSC's reputation and earnings.

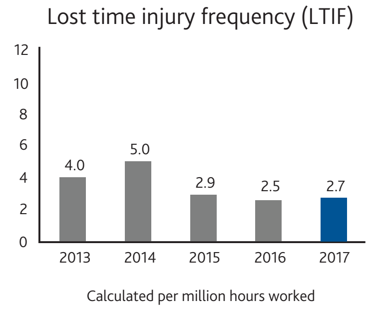
For information on BWSC procedures implemented to ensure compliance with BWSC CSR commitments on Human and Labour Rights we refer to the CSR section on the BWSC website.

Noise wall constructed by BWSC, St Louis, Mauritius January 2018

HEALTH AND SAFETY

BWSC is committed to conduct business in a safe manner by following all applicable QHSE guidelines and policies, including meeting the requirements of the OHSA 18001:2007 standard for Health & Safety Management Systems.

Efforts to reduce work accidents have resulted in a declining lost time injury frequency (LTIF) over the years. The LTIF number includes BWSC employees' as well as suppliers' and contractors' accidents on BWSC sites. 2017 has been a good year in terms of safety highlighted by the LTIF dropping to below the target for 2017.



A number of initiatives have been introduced over the years to further improve health and safety performance at BWSC. In addition to the efforts mentioned in the ´Competence pool section' under 'Quality management and occupational health and safety', to further improve the health and safety performance in 2018 targets have been set in the table below.

HEALTH AND SAFETY OBJECTIVES	PERFORMANCE INDICATOR 2017	STATUS	PERFORMANCE INDICATOR 2018
To promote awareness of health and safety on construction sites	Collect 50 near-miss reports per million hours worked	Not achieved	Collect 30 near-miss reports per million hours worked
To promote awareness of health and safety throughout the organisation	Relevant technical employees to attend 4 hours quality/safety related training every year	Achieved	Same as 2017
To ensure a high standard of occupational health and safety at BWSC work places	Lost Time Injury Frequency (LTIF) is 3.0 or below	Achieved	Lost Time Injury Frequency (LTIF) is 2.9 or below

DIVERSITY AND NON DISCRIMINATION

BWSC respects internationally proclaimed human rights standards, and strives to prevent any discrimination practices. We respect cultural and religious differences and see these differences as a strength that allows us to achieve our vision and tailor our services to the needs and requirements of our clients. Equal opportunity for all employees is important to BWSC, and accordingly, we do not differentiate on the basis of gender, race or religion when people are employed or promoted. However, due the nature of work at BWSC and in the contracting industry in general, BWSC does have an overrepresentation of men and it is difficult to set goals for a more balanced distribution.

Out of the total number of employees approx. 15% of all BWSC employees are women. At BWSC head office 10% are women (2016:10%), and within the entire BWSC group approx. 6% of the managers are women. The number is considered reasonable when comparing to the gender composition in the contracting industry in general. Women in management will continue to be in focus over the coming years, and the future share of women in management should be above the current level.

A target has been set stating that one member of the Board of Directors of BWSC A/S elected by the general assembly must be a woman by 2018. The same target has previously been set but not achieved due to the challenge of finding women with top level management experience within the BWSC field of business. Further, together with our Japanese owners we value and prioritise long-term commitment of the Board of Directors and changes in membership is not actively planned for. However, we will be searching for women with competencies within the contracting industry when the time comes to consider changes to the Board of Directors. Today, the Board of Directors consists of two employee elected women but no general assembly elected women.

BUSINESS INTEGRITY

With regard to the business integrity and governance standards, BWSC's values are defined in our Business Code of Conduct, which takes into account, inter alia actions required to avoid engaging in illegal behaviour or using political contributions to obtain favourable treatment. Based on an assessment of the key risks in BWSC's business, focus is on corruption and bribery due to the markets and industry in which BWSC operates. For information on BWSC procedures implemented to ensure compliance with BWSC CSR commitments on business integrity and our Code of Conduct on the BWSC website.

Targets for 2018 have been set to maintain and further improve our good governance performance in 2018. Primary targets are as follows:

GOVERNANCE OBJECTIVES	PERFORMANCE INDICATOR 2017	STATUS	PERFORMANCE INDICATOR 2018
To promote awareness of BWSC values	100% attendance at BWSC intro seminar for new employees	Achieved	100% attendance at BWSC intro seminar for new employees
			100% staff completion of new online anti-corruption training course
To follow up on any misconduct within the organisation	Full disciplinary actions based on i.e. reporting via the whistleblower system (grievance mechanism)	No reportings	Same as 2017
To ensure business associates'[2] compliance with BWSC Code of Conduct	Review all business associates using Know Your Customer (KYC) tool	Achieved	Same as 2017
	Ensure that 90% of all major suppliers have signed up to the UN Global Compact Statement principles	Achieved	Ensure that 95% of all major suppliers have signed up to the UN Global Compact Statement principles

[2] All EPC and O&M contract customers, key suppliers, consortium partners and local advisors.

ENVIRONMENT AND CLIMATE

For BWSC setting environmental standards entails management of our energy use and carbon footprint, waste, water and resource use and disposal. Our commitment is to improve continuously by minimising our own impact on the environment and by providing leading technology and highly efficient products in each of our chosen markets, helping our customers to produce more using less.

For information on BWSC procedures implemented to ensure compliance with BWSC CSR please refer to the BWSC website.

ENERGY AND CARBON

The power plants delivered by BWSC and our partners are either based on biomass or diesel/gas technology.

All BWSC built power plants, despite fuel type and technology, will always operate in accordance with national and international environmental legislation and standards, including the CO_2 emissions standards mentioned in the International Finance Corporation (IFC) Environmental guidelines for thermal power plants.

We acknowledge we have limited influence on the project specification set by the customer. While we help our customers select the best power generation technology for the fuel chosen to balance the environmental and economic benefits, from time to time we will be building power plants where the life cycle CO_2 emissions could be lower. Our plants will, however, always be more efficient than excising old power plants or assemblies of smaller generators.

Finally, we acknowledge that despite the increasing interest for renewable technologies, the economic advantage of the well-proven engine-based technology still makes our solution attractive to decision makers. This is especially true for developing countries and island communities where natural conditions do not always support reliable energy supply through renewable technologies. Engine-based technology is therefore often the favoured solution for cost-efficient and reliable energy supply required for infrastructural development. We will accordingly continue to deliver and invest in engine-based power plants, where this creates added value and is the most sought after technology. In addition BWSC can provide hybrid solutions involving a mix of conventional fuels and renewables, such as wind or solar, thus reducing the cost of operation.

REPORTING ON OUR CO_2 FOORTPRINT

In addition to delivering environmentally friendly technology together with our partners, BWSC has for the second year in a row collected data on our carbon footprint.

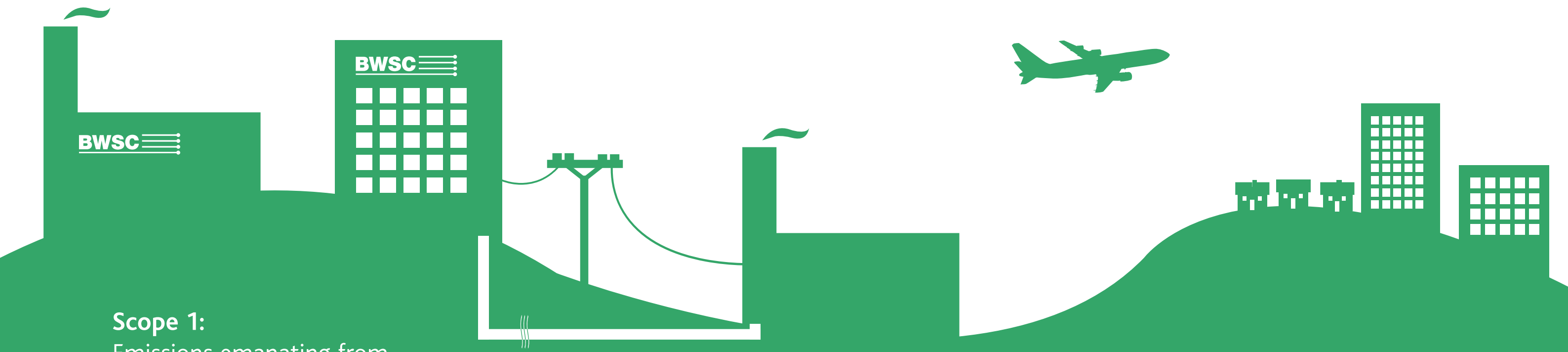
The 2016 reporting year is the base year for reporting on verifiable emissions. In 2016 we focused mainly on collecting scope 1 and 2 CO_2 data emanating from use of office buildings and on construction sites. In 2017 progress has been made on collecting scope 3 CO_2 data emanating from external transportation of BWSC goods as well as business related aircraft travel. Only CO_2 is considered and not any other gas with greenhouse warming risk.

Looking at figures for the BWSC Group, the total footprint in 2017 was 9,726 tonnes CO_2 or 3.4 t/DKKm revenue, against 6,636 tonnes in 2016 or 2.3 t/DKKm revenue.

The deviation in figures from 2016 to 2017 primarily reflects development of the data foundation from 2016 to 2017 to include CO_2 data emanating from external transportation of BWSC goods (1.1 tonnes) as well as CO_2 data from more EPC projects in their final stages of completion (including steam blow-down of two boilers). Projects in the final stages often account for larger fuel consumption than in the initial phases due to inter alia commissioning tests and especially steam blow-downs of boilers. As we completed the construction of six projects in 2017, compared to one project in 2016 this is reflected in the CO_2 emissions data. Finally, 2017 has seen higher cross-continental business travel compared to 2016, primarily related to landing two contracts in Western Africa.

As we are still in the early stage of data collection this 2017 CO_2 footprint may be subject to adjustments in connection with development of the data foundation.

TOTAL CO_2 EMISSIONS EMANATING FROM SELECTED ACTIVITIES IN THE 2016 AND 2017 REPORTING YEARS



Scope 1:
Emissions emanating from sources that are owned or controlled by BWSC

Scope 2:
Emissions emanating from electricity, heating and cooling purchased by BWSC

Scope 3:
Emissions emanating from purchased goods and logistic services[1], business aircraft and train travel, etc.

2017	Scope 1+2	Scope 3	Total
CO_2 (ton)	6,142 t CO_2	3,584 t CO_2	9,726 t CO_2
CO_2 in relation to revenue	2.1 t/DKKm	1.2 t/DKKm	3.4 t/DKKm
2016			
CO_2 (ton)	4,606 t CO_2	2,030 t CO_2	6,636 t CO_2
CO_2 in relation to revenue	1.6 t/DKKm	0.7 t/DKKm	2.3 t/DKKm

The development in CO_2 from 2016 to 2017 is commented upon in the text above.

[1] New scope 3 data for 2017 includes CO_2 emissions emanating from supplier transportation of goods.

REPORTING ON ENVIRONMENTAL ASPECTS

In addition to collecting data on our carbon footprint BWSC has for the first time set goals for our own resource consumption and waste management. With the ISO 14001 certification, awarded in December 2017, BWSC is committed to improve its performance on environmental impacts and various steps and goals have been implemented to attain this. These include:

ENVIRONMENTAL OBJECTIVES	PERFORMANCE INDICATOR 2017	STATUS	PERFORMANCE INDICATOR 2018
Collection of environmental data: Data recording	Improve means of data collection: Recording of data in BWSC shall include data for waste, water, electricity, gas, oil, etc.	Achieved	Same as 2017
BWSC Head office: Reduce Energy Consumption kWh	NA	NA	5 percent reduction in energy consumption per employee
BWSC Head office & Storage: Enhancement of separation of waste for recycling	NA	NA	Increase 10% collected plastic for reuse
			Increase 10% collected paper for reuse
BWSC Power Plants & Construction Sites: Enhancement of separation of waste for recycling	NA	NA	Minimum 50% of all waste generated to be separated for recycling (muck-away not included)
BWSC Head office: Reduce paper use	NA	NA	Reduce use paper by 20% per employee

COMMUNITY ENGAGEMENT AND SOCIAL IMPACT

We are actively involved in local communities – from providing small funds for educational, environmental and wildlife projects to enhancing local water supply and access to deprived areas, supporting local and international charities and providing work experience for local students. In 2017 BWSC commenced construction of a 90 MW power plant in Kayes, western Mali. To facilitate access to the project site BWSC has engaged local civil contractors to rehabilitate 186 km of the main trade and transport corridor leading into Mali from Senegal. 80% of all Mali-bound traffic moves along the corridor from Tambacounda to Kidira and the current deterioration of the road results in major delays and accidents, with financial and human consequeses to follow. The road repairs will have significant impact on safe and reliable transport between the two countries and positively contribute to local employment, food security and economic opportunities resulting from the improved ease of transportation.

2018 OUTLOOK

Profit before tax back on track in 2018.

The order intake for 2018 is expected to be almost in line with the DKKm 3,769 obtained in 2017 but revenue for 2018 is expected to increase compared to the DKKm 2,882 for 2017. BWSC is working on a number of sales leads to ensure that the expectations for 2018 will be meet.

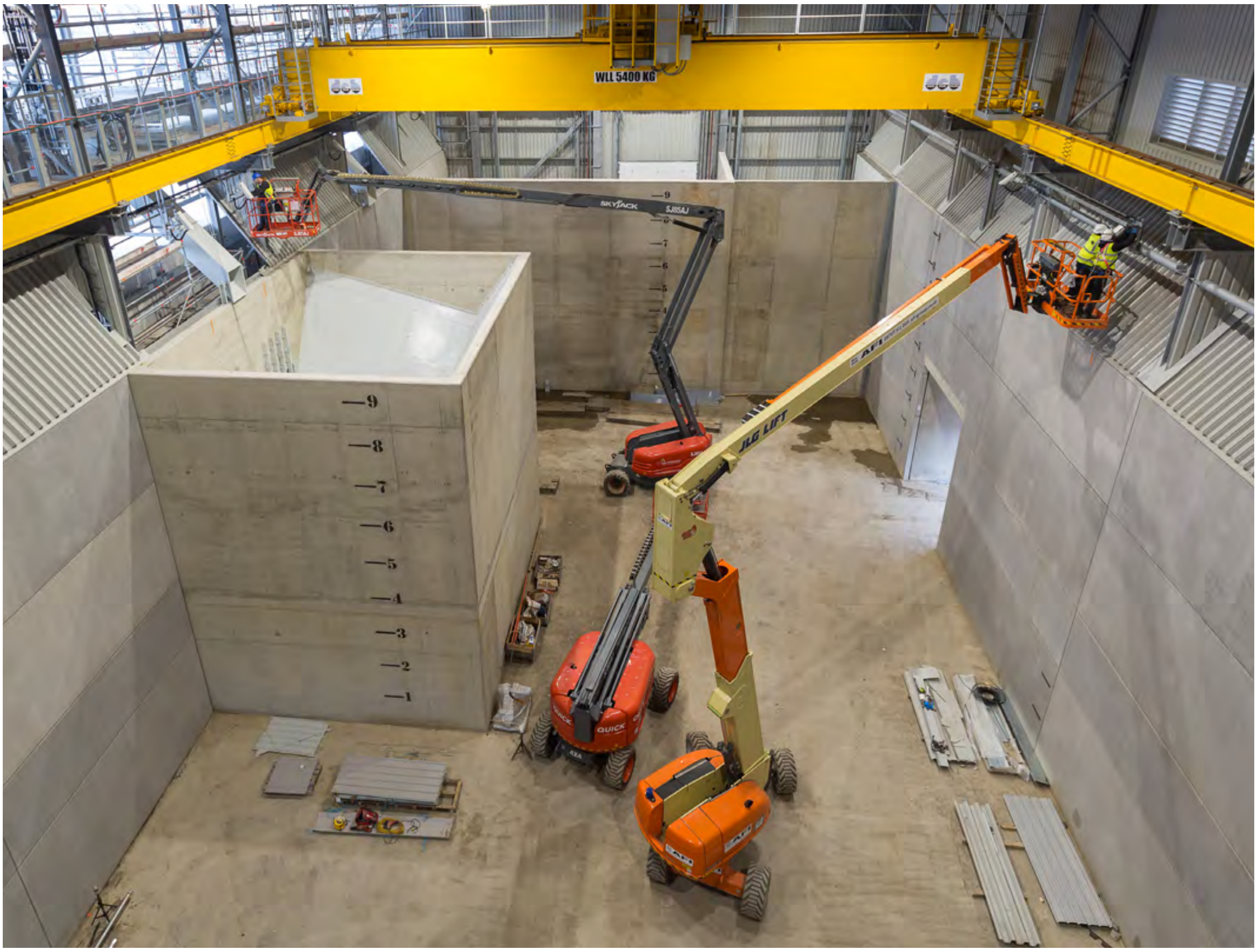
The profit before tax ratio (profit before tax divided by revenue multiplied by 100) is expected to be in the range of 3-5% for 2018, which will ensure that profit before tax will be back on track with positive income for 2018.

As stated in the Financial Review section, BWSC has claimed a customer for costs in connection with suspension. Currently, the claim negotiations have not been finalised, and a material part of the claim income cannot be recognised as income. The final settlement, which is not included in the above mentioned profit before tax outlook for 2018, could have a material positive impact on profit before tax for 2018.

Forward-looking statements
Statements in the Annual Report 2017 concerning the future reflects BWSC's current expectations with regard to future events and financial results. Statements regarding the future are naturally subject to uncertainty, and actual results may differ from expected. Differences may be caused by, but are not limited to, economic and financial markets developments, developments in product demand, project execution, competitive conditions etc. See also the Risk Management section of the Management's review.

BWSC disclaim any liability to update or adjust statements in the Annual Report 2017 about future or possible reasons for differences between actual and anticipated results except where required by legislation.

Kent Renewable Energy Plant, UK
Work in progress, January 2018



Night work in progress, Kent Renewable Energy Plant, UK January 2018

CORPORATE GOVERNANCE

The Board of Directors consists of nine members and comprises two representatives from the ultimate Parent Company, four external members and three employee-elected members.

Ownership

BWSC is 100%-owned by Mesco Denmark A/S, which is owned by our ultimate Parent Company Mitsui Engineering & Shipbuilding Co., Ltd., Tokyo, Japan (MES). MES is listed on the Tokyo Stock Exchange. The financial statements of BWSC is consolidated into the Financial Statements of MES. Further information is available on www.mes.co.jp or on page 16.

MES plans to be re-named Mitsui E&S Holdings Co. Ltd. as of 1 April 2018.

Financial reporting

BWSC's consolidated financial statements are prepared according to the Danish Financial Statements Act. They are published in English. The financial year covers the period 1 January to 31 December, and 2017 is the company's 38th financial year. BWSC is not obliged to publish interim reports and does not do so at present.

Board of Directors

BWSC's general assembly elected Board of Director members is elected every year at the Annual General Meeting. The Board of Directors consists of nine members and comprises two representatives from the ultimate parent company MES, four external members and three employee-elected members serving a four year term. The current term for the employee-elected members runs until 2020. The chairman of the Board of Directors is an external member, and the deputy chairman is a representative from the ultimate parent company. The nationalities of the members are two Japanese, one Brit and six Danes.

At the upcoming Annual General Assembly on 6 March 2018, Mr. Shigeru Tokumaru will be suggested as new member of the Board of Directors and Mr. Shinsuke Nippo is expected to resign.

All members contribute with valuable knowledge and experience in areas such as EPC and generation services business, general management and finance.

Material directorships held by the Board of Directors in other companies can be found on page 34 of this report.

The Board of Directors meets at least four times a year. BWSC's Management is represented at the board meetings by the CEO and the CFO. Besides the four annual meetings, the Board of Directors and the BWSC Management Group also have an annual strategy seminar to review the plans for the years to come. In 2017, four ordinary and two extra ordinary board meetings were held.

A monthly report delivered by the BWSC management keeps the Board of Directors informed of the Company's key development and performance. Furthermore, the quarterly report included in the board material informs the Board of Directors in more detail about material developments.

Remuneration

The members of the Board of Directors receive a fixed fee. The chairman receives double the base amount of the ordinary Board members. If a Board of Directors committee is set up, the members may receive a fee for the assignment. All BWSC Executive Management and Management Group members receive a fixed salary and a cash bonus. The bonus scheme is based on individual goals and the Company's overall result. Any changes to the remuneration for the Executive Management and Management Group must be approved by the chairman of the Board of Directors. Total remuneration for the Board of Directors and the Executive Management is presented in note 2.2 to the financial statements.

Audit

KPMG was re-elected as BWSC's auditors for 2017 and will be proposed as auditors for 2018 at the Annual General Assembly. The auditor has been elected based on the recommendation from the ultimate parent company. The auditor participates in the board meeting in which the Annual Report is presented and approved. At least twice a year, the auditor prepares an auditors' long-form report for the Board of Directors which gives an overview of for instance the Group audit plan and findings.

Organisation

The BWSC Group Management is based at our head office in Allerød, Denmark. Executive Management consists of Anders Heine Jensen, CEO and Karsten Riis Andersen, CFO. The Management Group consists of Executive Management and Claus Berner, Director HR & Corporate Administration, Christian Grundtvig, Director Generation Services and Director Project Development & Investments, Nikolaj Holmer Nissen, Director Contracting and Martin Kok Jensen, Director Sales & Marketing. Nikolaj Holmer Nissen replaced Anders Benfeldt as Director for Contracting with effect 1 February 2018.

Group structure

A subsidiary or a branch is established to enable BWSC to perform the activities in the country where the power plant is being built or the service activities are carried out. In note 6.6 to the financial statements, BWSC Group companies and branches are listed.

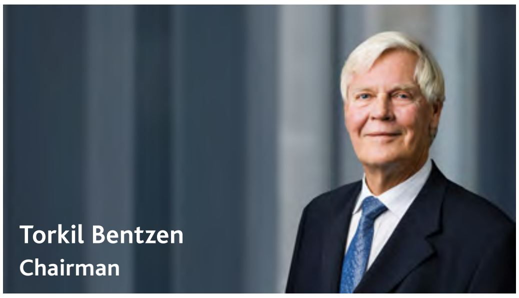
Code of Conduct

BWSC is committed to conducting its business with a high degree of integrity and ethics, and BWSC's customers and stakeholders must view BWSC as a reliable and honest company that always lives up to its commitments. BWSC does not tolerate any form of corruption, bribery or anti-competitive activities, and it is BWSC's policy to comply with the relevant laws in Denmark and in each of the markets where BWSC operates or is established. These principles are stated in BWSC's Code of Conduct which applies to BWSC's directors, managers and employees as well as all external third parties who provide services to, for or on behalf of BWSC. Further insight into business integrity is provided on page 27.

Key elements of the work of the Board of Directors

* The Board of Directors meeting normally scheduled for February has been scheduled at 6 March for 2018

BOARD OF DIRECTORS



Torkil Bentzen
Chairman

Directorships: MES Germany Beteiligungs GmbH, Chairman • State of Green Consortium, Chairman • Mesco Denmark A/S • Siemens Aktieselskab • Quercus Assets Selection S.à.r.l • Senior Advisor to the Board of Directors of MES

Shinsuke Nippo
Deputy Chairman

Board member of MES
Directorships: MES • MODEC, Inc

Yuji Kozai

Executive Officer, MES, Deputy General Manager of Corporate Planning Hq. and General Manager of Corporate Planning Dept., Corporate Planning Hq., MES
Directorships: Various companies in the MES Group

Michael Hedegaard Lyng

President & CEO, NKT A/S
Directorships: Various companies in the NKT Group • Investeringsselskabet Luxor A/S

Iain Miller

Directorships: No other board memberships

Bjarne Moltke Hansen

Directorships: RMIG A/S • LKAB

EMPLOYEE-ELECTED BOARD MEMBERS

Martin Wittrup Hansen

Directorships: No other board memberships

Michelle Runge Christensen

Directorships: Gilleleje Brugsforening A.m.b.a. • Fonden Kulturhavn Gilleleje, Chairman

Tanja Hedager

Directorships: No other board memberships

MES: Mitsui Engineering & Shipbuilding Co., Ltd., Japan
Mitsui E&S Holdings Co. Ltd. as of 1 April 2018.

MANAGEMENT GROUP

From left to right: Martin Kok Jensen, Director, Sales & Marketing – Christian Grundtvig, Director, Generation Services and Director, Project Development & Investments – Karsten Riis Andersen, CFO – Anders Heine Jensen, CEO – Nikolaj Holmer Nissen, Director, Contracting – Claus Berner, Director, HR & Corporate Administration.

Anders Heine Jensen was appointed CEO in 2011 and joined BWSC in 2008. He is Chairman of Monberg & Thorsen A/S and Deputy Chairman of MT Højgaard A/S, board member of Haldor Topsøe A/S, DI Energy and member of the International Market Committee under the Confederation of Danish Industry. Former work experience includes DONG Energy and A.P. Møller-Mærsk. Anders Heine Jensen holds a Master's Degree in Mechanical Engineering and a Graduate Diploma in Business Administration.

Mauritius

In 2017 BWSC completed the 10th project on Mauritius during the last 20 years. We are proud to have participated in making Mauritius the country in Africa with the most stable power supply[1]

[1] Afrobarometer Dispatch No. 75, 14 March 2016

MANAGEMENT'S STATEMENT

Today, the Executive Management and Board of Directors have discussed and adopted the Annual Report for 2017 of Burmeister & Wain Scandinavian Contractor A/S.

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

In our opinion, the financial statements give a true and fair view of the Group's and the Company's assets, liabilities and financial position at 31 December 2017, as well as of the results of the Group's and the Company's operations and the Group's consolidated cash flows for the financial year ended 31 December 2017.

In addition, it is our opinion that the Management Review gives a true and fair view of the development in the Group's and the Company's operations and economic conditions, the year's result and of the Group's and the Company's financial position.

It is recommended that the Annual Report be approved at the Annual General Meeting.

Allerød, 6 March 2018

Executive Management

Anders Heine Jensen
Chief Executive Officer

Karsten Riis Andersen
Chief Financial Officer

Board of Directors

Torkil Bentzen
(Chairman)

Shinsuke Nippo
(Deputy Chairman)

Yuji Kozai

Michael Hedegaard Lyng

Iain Miller

Bjarne Moltke Hansen

Martin Wittrup Hansen*

Michelle Runge Christensen*

Tanja Hedager*

The Annual Report 2017 is adopted at the Annual General Meeting on 6 March 2018.

* Elected by employees

INDEPENDENT AUDITORS' REPORT

To the shareholders of Burmeister & Wain Scandinavian Contractor A/S

Opinion

We have audited the consolidated Financial Statements and the Parent Company Financial Statements of Burmeister & Wain Scandinavian Contractor A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated Financial Statements and Parent Company Financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 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 Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated Financial Statements and the Parent Company Financial Statements

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

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

Our objectives are to obtain reasonable assurance as to whether the consolidated Financial Statements and the Parent Company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 Financial Statement users made on the basis of these consolidated Financial Statements and Parent Company Financial Statements.

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

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

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Financial Statements and the Parent Company 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 Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the consolidated Financial Statements and the Parent Company 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.

Statement on the Management's review
Management is responsible for the Management's review.

Our opinion on the consolidated Financial Statements and the Parent Company Financial Statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated Financial Statements or the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Independent auditor's report
Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 6 March 2018

KPMG
Statsautoriseret Revisionspartnerselskab
CVR No. 25578198

....

Henrik O. Larsen
State Authorised Public Accountant
MNE-no. 15839

....

Niels Vendelbo
State Authorised Public Accountant
MNE-no. 34532

Snetterton, UK

The power plant has a capacity of 44.2 MW equivalent to the average energy usage of 82,000 households

INCOME STATEMENT

DKKt

Parent Company				The Group	
2016	**2017**	**Notes**		**2017**	**2016**
2,696,865	2,721,542	2.1	Revenue	2,881,572	2,946,019
-2,418,149	-2,541,379		Costs of production	-2,679,343	-2,648,997
278,716	**180,163**		**Gross profit**	**202,229**	**297,022**
-59,817	-57,656		Sales costs	-57,630	-59,776
-120,604	-145,467		Administrative costs	-146,997	-119,505
98,295	**-22,960**		**Operating profit**	**-2,398**	**117,741**
15,119	13,793	3.3	Profit on investments in subsidiaries	0	0
3,144	-23,043	3.3	Profit on investments in associated companies	-23,043	3,144
116,558	**-32,210**		**Profit before non-operating items**	**-25,441**	**120,885**
9,814	13,772		Financial income	14,194	11,230
-21,450	-8,262		Financial costs	-11,036	-22,246
104,922	**-26,700**		**Profit before tax**	**-22,283**	**109,869**
-19,910	3,077	2.4	Tax on profit for the year	-1,340	-24,857
85,012	**-23,623**		**Profit for the year**	**-23,623**	**85,012**

Distribution of profit for the year is specified in note 5.3.

BALANCE SHEET, ASSETS

DKKt

Parent Company				The Group	
2016	**2017**	**Notes**		**2017**	**2016**
19,304	23,786		Software and goodwill	24,021	20,348
7,357	16,000		Development costs	16,000	7,357
26,661	**39,786**	**3.1**	**Intangible fixed assets**	**40,021**	**27,705**
69,926	69,621		Land and buildings	69,621	69,926
5,838	5,860		Fixtures and fittings, tools and equipment	16,737	13,291
75,764	**75,481**	**3.2**	**Tangible fixed assets**	**86,358**	**83,217**
38,223	48,327		Investments in subsidiaries	0	0
419,067	354,945		Investment in associated companies	354,945	419,067
249,187	269,249		Other securities	269,249	249,187
706,477	**672,521**	**3.3**	**Financial fixed assets**	**624,194**	**668,254**
808,902	**787,788**		**Total fixed assets**	**750,573**	**779,176**
0	200		Raw materials and consumables	1,708	1,792
0	**200**		**Inventories**	**1,708**	**1,792**
71,187	124,892		Trade debtors	148,867	78,633
557,426	554,200	4.1	Contract work in progress	554,200	621,814
97,433	11,847		Amounts owed by related companies	195	46
2,861	6,222		Amounts owed by associated companies	6,222	2,861
0	0		Receivable corporate taxes	1,799	301
101,946	118,608	4.2	Other debtors	135,848	126,036
6,608	6,173		Prepayments	6,175	6,673
837,461	**821,942**		**Debtors**	**853,306**	**836,364**
149,740	**340,685**		**Cash**	**357,673**	**214,304**
987,201	**1,162,827**		**Total current assets**	**1,212,687**	**1,052,460**
1,796,103	**1,950,615**		**TOTAL ASSETS**	**1,963,260**	**1,831,636**

BALANCE SHEET, EQUITY AND LIABILITIES

DKKt

Parent Company				The Group	
2016	**2017**	Notes		**2017**	**2016**
150,000	150,000		Share capital	150,000	150,000
99,674	126,174		Revaluation reserve acc. to the equity method	78,037	70,853
32,017	34,439		Reserves for financial instruments	34,439	32,017
7,357	12,480		Reserve for development costs	12,480	7,357
431,274	354,600		Retained earnings	402,737	460,095
42,500	0		Proposed dividend	0	42,500
762,822	**677,693**	**5.3**	**Equity**	**677,693**	**762,822**
31,342	14,994	2.4	Deferred tax	15,815	32,027
49,843	72,960		Warranty provisions	72,960	49,843
21,650	118,770	6.1	Other provisions	122,442	21,650
102,835	**206,724**		**Provisions**	**211,217**	**103,520**
18,889	15,600	5.4	Mortgage debt	15,600	18,889
5,276	5,038		Other long-term liabilities	5,038	5,276
24,165	**20,638**	**5.2**	**Long-term liabilities**	**20,638**	**24,165**
3,158	3,169	5.4	Mortgage debt, short-term	3,169	3,158
150,000	150,000	5.4	Bank loan	150,000	150,000
303,906	408,830	4.1	Prepayments received from customers	408,830	321,126
342,668	317,029		Trade creditors	372,679	369,746
24,593	92,902		Payables to related companies	1,960	4,338
918	22		Payables to associated companies	22	918
33,569	12,997		Corporate tax	16,536	37,638
47,469	60,611	4.3	Other creditors	100,516	54,205
906,281	**1,045,560**		**Current liabilities**	**1,053,712**	**941,129**
930,446	**1,066,198**		**Total long-term and current liabilities**	**1,074,350**	**965,294**
1,796,103	**1,950,615**		**TOTAL EQUITY AND LIABILITIES**	**1,963,260**	**1,831,636**

CASH FLOW STATEMENT

DKKt

		The Group	
Notes		2017	2016
	Operating profit	-2,398	117,741
6.4	Adjustments	117,703	49,121
4.4	Changes in working capital	143,383	-477,463
	Cash flows from operating activities before net financials	258,688	-310,601
	Financial income	13,701	11,306
	Financial costs	-11,036	-22,246
	Cash flows from ordinary activities	261,353	-321,541
	Taxes paid	-40,834	-9,126
	Cash flows from operating activities	**220,519**	**-330,667**
	Additions of tangible assets	-9,659	-11,587
	Additions of intangible assets	-26,617	-18,504
	Dividends received from associated companies	11,934	6,842
	Investments in associated companies and other securities	-40,354	-316,107
	Disposals of investments in associated companies	33,562	2,499
	Cash flows from investing activities	**-31,134**	**-336,857**
5.4	Bank loan	0	150,000
	Repayment of mortgage debt	-3,516	-3,843
	Dividends distributed	-42,500	-38,000
	Cash flows from financing activities	**-46,016**	**108,157**
	Cash at beginning of year	214,304	773,671
	Changes in cash	143,369	-559,367
	Cash at year-end	**357,673**	**214,304**

The cash flow statement cannot be derived directly from the Income statement and Balance sheet.

STATEMENT OF CHANGES IN EQUITY

DKKt

Parent Company

	Share capital	Reserve for net revaluation according to the equity method	Reserve for financial instruments	Reserve for development costs	Retained earnings	Proposed dividend	Total
Balance at 1 January 2017	150,000	99,674	32,017	7,357	431,274	42,500	762,822
Dividends paid	0	0	0	0	0	-42,500	-42,500
Profit for the year	0	47,928	0	8,643	-80,194	0	-23,623
Proposed dividend for 2017	0	0	0	0	0	0	0
Changes in financial instruments	0	0	3,105	0	0	0	3,105
Tax on changes in equity	0	0	-683	-3,520	3,520	0	-683
Exchange rate differences related to subsidiaries and associated companies	0	-21,428	0	0	0	0	-21,428
Equity at 31 December 2017	**150,000**	**126,174**	**34,439**	**12,480**	**354,600**	**0**	**677,693**

Distribution of profit for the parent company is specified in note 5.3.

There have been no changes in the share capital during the last 5 years. The share capital is divided into 150 shares of DKKm 1 each.

The Group

	Share capital	Reserve for net revaluation according to the equity method	Reserve for financial instruments	Reserve for development costs	Retained earnings	Proposed dividend	Total
Balance at 1 January 2017	150,000	70,853	32,017	7,357	460,095	42,500	762,822
Dividends paid	0	0	0	0	0	-42,500	-42,500
Profit for the year	0	24,884	0	8,643	-57,150	0	-23,623
Proposed dividend for 2017	0	0	0	0	0	0	0
Changes in financial instruments	0	0	3,105	0	0	0	3,105
Tax on changes in equity	0	0	-683	-3,520	3,520	0	-683
Exchange rate differences related to subsidiaries and associated companies	0	-17,700	0	0	-3,728	0	-21,428
Equity at 31 December 2017	**150,000**	**78,037**	**34,439**	**12,480**	**402,737**	**0**	**677,693**

NOTES

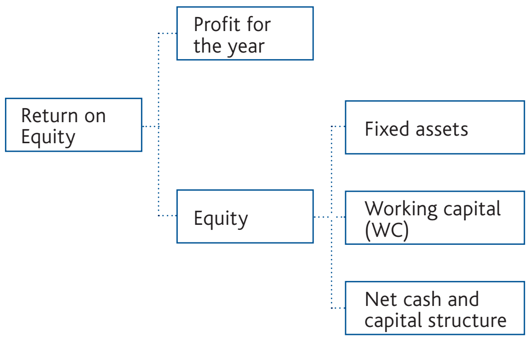
Notes		Page

Reading instructions

The financial statements have been presented in accordance with the Danish Financial Statements Act and in a manner that attempts to make them less complex and more relevant to readers.

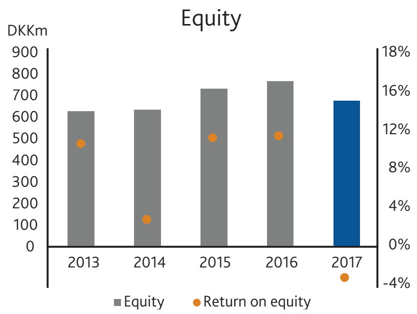
The notes have been divided into 7 sections: Basis of reporting, Profit for the year, Fixed assets, Working capital (WC), Net cash and capital structure, Other notes and Accounting policies. The purpose is to provide a clearer understanding of what drives performance.

Notes section 2-5 have been divided into the key components, which adds up to Return on Equity.



Notes related to provisions; 2.4 Taxes and 6.1 Other provisions.

Return on equity for 2013 - 2017:



Note section 1
Basis of reporting

This section describes the applied reporting framework. Furthermore, an overview is included of the significant judgements and estimates made by BWSC in preparing the Annual Report.

Note 1.1 Basis of reporting

The Annual Report has been presented in accordance with the provisions of the Danish Financial Statements Act for large reporting Class C companies.

The accounting policies are unchanged from last year.

In preparing the financial statements, BWSC has made a number of estimates and judgements that form the basis for recognition and measurement of assets, liabilities and items in the income statement. The most significant accounting estimates and judgements are stated below.

Estimation uncertainty

Determining the carrying amount of certain assets and liabilities requires judgements, estimates and assumptions relating to future events and is therefore by nature subject to uncertainty.

Particular risks referred to in the Risk management section of the Management review may have a substantial influence on the accounting risks.

In the financial statements for 2017, attention is particularly drawn to the following assumptions and uncertainties as these substantially influence the assets and liabilities recognised in the statements and may be adjusted in subsequent accounting years if the assumed course of events is not realised as anticipated:

- Construction contracts are measured at contract work performed, less prepayments received from the customers and anticipated losses. The percentage of completion is determined from an assessment as stated in note 7.1 Accounting policies. The contract value is measured based on the total expected income of the individual contracts – claim income is further mentioned below. The total expected expenses are partly based on estimates and contingency are included for unforeseen cost deviations to plan cost due to project risks, disputes etc.

- BWSC has a material claim related to engine-based projects in the Middle East. Currently, the claim negotiations have not been finalised, and a material part of claim income cannot be recognised as income. The settlement is uncertain and could have a materially positive impact on profit when the claim has been final settled.

- Provisions are based on BWSC's best estimate of the amount at which the obligation is expected to be discharged. Provisions consists mainly of warranty provisions and other provisions. Other provisions are specified in note 6.1.

- Investments in associated companies are recognised at BWSC's proportionate share of the net assets of the companies (the equity method) as stated in note 7.1 Accounting policies. An impairment test is performed when an indicator of impairment exists. The impairment test is based on cash flow estimates of future income and cost. Uncertainty about the future development in the power sales price is the key uncertainty in the impairment test.

Accounting judgements

In applying the accounting policies, BWSC makes judgements concerning recognition principles to use. Especially related to when income and expenditure relating to third-party contracts must be treated in accordance with the percentage of completion method (construction contracts) compared to sale of goods. BWSC has for each group of transactions assessed, whether products contain a sufficiently high degree of individual adjustment to qualify for recognition as a construction contract under the percentage of completion method. If this is not the case, the products are recognised as revenue on sale of finished products.

Defining materiality

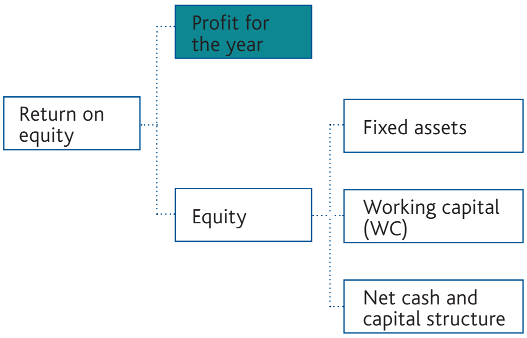
BWSC's Annual Report is based on the concept of materiality to ensure that the content is material and relevant to the reader. This objective is pursued, amongst other things, by providing relevant rather than generic descriptions. The consolidated financial statements consist of a large number of transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the financial statements and in the notes as required by the Danish Financial Statements Act. If items are individually immaterial, they are aggregated with other items of similar nature in the statements or in the notes.

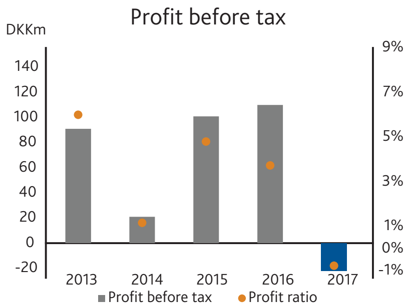
Going concern

BWSC is required to decide whether the financial statements can be presented on a "going concern" basis. Based on budgets, forecast and expectations of future cash flow etc., BWSC is of the opinion that there are no factors giving reason to doubt whether BWSC can continue operating for at least 12 months from the balance sheet date.

Note section 2.
Profit for the year

Revenue of DKKm 2,882 (2016: DKKm 2,946) in a year with loss before tax loss of DKKm 22 (2016: profit of DKKm 110).





The activity level has been growing, with a revenue compounded annual growth rate (CAGR) for 2012-2017 of 22%. Revenue for 2017 amounts to DKKm 2,882 (2016: DKKm 2,946). 77% of the revenue is related to the EPC activities (2016: DKKm 85%). Revenue for the segment Europe, which mainly consists of biomass projects in the UK accounts for almost 70% of the total revenue for 2017, which is in line with 2016.

The average number of employees has increased from 577 in 2016 to 715 in 2017, which amounts to an increase of almost 25%. A material part of the increase is related to acquisition of assets and employment of more than 80 people from Burmeister & Wain Energy in February 2017 (further comments included in the Financial Review section of the Management Review). The Burmeister & Wain Energy employees have contributed with key knowledge about boilers. Staff costs, etc. has increased by DKKm 76 to DKKm 476.

The financial performance for a number of EPC projects has been lower than expected in 2017, which has resulted in an loss before tax loss of DKKm 22 (2016: profit of DKKm 110). The process leading up to the bankruptcy of Burmeister & Wain Energy (hereafter BWE) with below planned progress for the projects and the related costs for BWSC have a material negative impact on BWSC. Beside the impact from the BWE bankruptcy an issue with a key component supplier has a negative impact on the financial performance. The projects, which have resulted in the unsatisfactory financial performance in 2017, are now in operation and the commercial negotiation with the clients are in the final stages. The projects will not have a material impact on the financial performance for 2018.

BWSC has made a number of investments in power plants together with partners. The current low sales price for the power produced in the UK has a negative impact on profit on investments in associated companies, which for 2017 amounts to DKKm -23 compared to DKKm 3 for 2016.

For further information about the 2017 financial performance see the Financial review section of the Management's review.

Note 2.1 Revenue

DKKt

Parent Company			The Group	
2016	**2017**		**2017**	**2016**
1,323,506	2,013,557	Final invoicing	2,850,283	1,360,729
1,373,359	707,985	Changes in contract work in progress	31,289	1,585,290
2,696,865	**2,721,542**		**2,881,572**	**2,946,019**

Revenue for the year is divided into the following geographical segments:

2016	2017		2017	2016
1,950,438	1,955,236	Europe	1,955,236	1,950,438
526,184	504,187	Africa and Middle East	624,308	714,285
194,741	175,813	South and Central America	191,529	206,017
25,502	86,306	Southeast Asia	110,499	75,279
2,696,865	**2,721,542**		**2,881,572**	**2,946,019**

Note 2.2 Staff costs, etc.

DKKt

Parent Company			The Group	
2016	**2017**		**2017**	**2016**
290,937	368,714	Wages and salaries	472,099	395,099
2,268	2,293	Social security costs	3,533	4,218
293,205	**371,007**		**475,632**	**399,317**
383	473	Average number of employees	715	577

Including remuneration for:

2016	2017		2017	2016
5,722	5,788	Executive management of Parent Company	5,788	5,722
1,400	1,390	Board of Directors of Parent Company	1,390	1,400
7,122	**7,178**		**7,178**	**7,122**

A bonus scheme for the Executive Management and the Management Team is established. The bonus scheme is based on individual goals and the Company's overall result.

Note 2.3 Audit fees

DKKt

Parent Company			The Group	
2016	**2017**		**2017**	**2016**
540	540	Audit fee	1,074	1,190
0	119	Other declaration assignments	119	11
124	823	Tax advisory fee	952	262
50	150	Other fees	363	832
714	**1,632**		**2,508**	**2,295**

Note 2.4 Tax

DKKt

Given the nature of BWSC's business and the extent of intercompany transactions that BWSC has across geographical borders, transfer pricing, payroll related taxes, withholding taxes and VAT are particularly important areas when it comes to conducting tax practice responsibly which ensures that we pay taxes in the countries in which we operate.

BWSC has a tax policy which is available on www.bwsc.com.

As BWSC operates across many different countries, the calculation of the total tax change in the income statement necessarily involves a degree of estimation and judgement. Tax and transfer pricing disputes with authorities in various countries may occur, and management judgement is applied to assess the possible outcome of such disputes.

Parent Company			The Group	
2016	**2017**		**2017**	**2016**
37,777	14,443	Income tax payable	18,838	41,773
-1,388	-16,348	Change in deferred tax	-16,348	-1,388
-16,361	-683	Tax on changes in equity	-683	-16,361
-811	-1,464	Adjustment of tax concerning previous years	-1,442	140
693	975	Paid dividend tax abroad	975	693
19,910	**-3,077**		**1,340**	**24,857**

Note 2.4 Tax (continued)

DKKt

Effective tax rate:

2016	2017		2017	2016
22%	22%	Company tax rate in Denmark	22%	22%
19%	11%	Effective tax rate	-6%	23%

Specification of effective tax rate:

2016	2017		2017	2016
22%	22%	Company tax rate in Denmark	22%	22%
-3%	-15%	Tax on profit in subsidiaries and associated companies	-31%	0%
0%	0%	Adjustment of calculated tax in foreign companies compared to 22%	-1%	-0%
0%	-1%	Non-deductible costs	-2%	1%
-0%	5%	Other adjustments	6%	-0%
19%	**11%**	**Effective tax rate**	**-6%**	**23%**

Taxes paid for the BWSC Group in 2017 amounts to DKKm 41 (2016: DKKm 9)

Deferred tax:

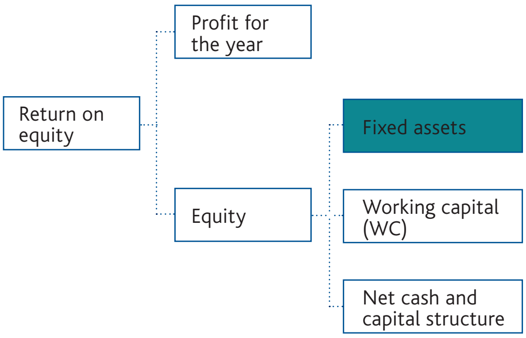
Parent Company			The Group	
2016	**2017**		**2017**	**2016**
32,730	31,342	Deferred tax at 1 January 2017	32,027	33,399
0	0	Adjustment concerning previous years	136	16
-1,388	-16,348	Changes in deferred tax	-16,348	-1,388
31,342	**14,994**		**15,815**	**32,027**

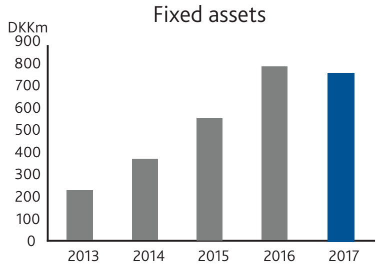
Deferred tax can be specified as follows:

2016	2017		2017	2016
11,589	11,289	Tangible fixed assets	11,502	11,583
0	-62	Intangible fixed assets	-62	0
-24,680	-24,417	Financial fixed assets	-24,417	-24,680
44,898	28,452	Contract work in progress	29,060	45,589
-192	-268	Other current assets	-268	-192
-273	0	Provisions	0	-273
31,342	**14,994**		**15,815**	**32,027**

Note section 3
Fixed assets

Investment of DKKm 79 in fixed assets (2016: DKKm 347) of which DKKm 40 (2016: DKKm 316) is in power plants.





In 2017, Fixed Assets have decreased by DKKm 29 despite of the investment of DKKm 79. This is mainly driven by shares in the Brigg and Snetterton investment has been reduced from 37.5% ownership to 34% and furthermore has the revaluation (profit share in the year, exchange rate differences etc.) for the investment in associated companies reduced the accounting value of the investments by DKKm 51.

BWSC has in 2017 invested DKKm 40 in the Kent and Mali power plants. The plants are being built by BWSC and the projects have furthermore ensured BWSC O&M contracts. The committed not paid investments amount to DKKm 19 at end 2017, which will be paid in during 2018. BWSC has entered into an agreement where a main part of the Kent investment will be sold when the ROC accreditation has been achieved in 2018/2019 (ROC is the current UK support scheme for renewable energy). BWSC has only limited management control over the Kent SPV and the investment has accordingly been accounted at cost price and presented as other securities.

In connection with the bankruptcy of our partner Burmeister & Wain Energy (hereafter BWE) on a number of biomass projects in the UK, BWSC has at the beginning of February 2017 taken over the business in the form of an asset deal. The total purchase price was DKKm 24 of which DKKm 15 was assets related directly to the projects in the UK which BWE and BWSC were working on. More than 80 people were employed by BWSC. Further details on the business combination are included in note 3.4.

BWSC has been working on a power barge concept as part of the engine based business to re-enter the power barge market. In 2017 BWSC has invested external costs and hours amounting to DKKm 9 in the development, which together with the development cost for 2016 in total takes the development costs for the power barge concept to DKKm 16. The development activities have been finalised end-2017 and BWSC is ready to re-enter the power barge market. The market potential for power barges is looking good based on the current market and the expected future increase in demand for floating power. Further information in the Who we are section of the Managemnt Review.

Note 3.1. Intangible fixed assets
DKKt

Parent Company

	Software	Goodwill	Development costs	Total
Cost at 1 January 2017	65,767	0	7,357	73,124
Additions in the year	12,116	7,000	8,643	27,759
Cost at 31 December 2017	**77,883**	**7,000**	**16,000**	**100,883**
Amortisation at 1 January 2017	46,463	0	0	46,463
Amortisation for the year	13,351	1,283	0	14,634
Amortisation at 31 December 2017	**59,814**	**1,283**	**0**	**61,097**
Booked value at 31 December 2017	**18,069**	**5,717**	**16,000**	**39,786**
Booked value at 31 December 2016	19,304	0	7,357	26,661

Amortisation period	3-7 years	3 years	3 years	

Note 3.1 Intangible fixed assets (continued)

DKKt

The Group

	Software	Goodwill	Development costs	Total
Cost at 1 January 2017	65,819	2,259	7,357	75,435
Currency adjustments of 1 January 2017		-271	0	-272
Additions in the year	12,116	7,000	8,643	27,759
Cost at 31 December 2017	**77,934**	**8,988**	**16,000**	**102,922**
Amortisation at 1 January 2017	46,475	1,255	0	47,730
Currency adjustments of 1 January 2017	0	-192	0	-192
Amortisation for the year	13,376	1,987	0	15,363
Amortisation at 31 December 2017	**59,851**	**3,050**	**0**	**62,901**
Booked value at 31 December 2017	**18,083**	**5,938**	**16,000**	**40,021**
Booked value at 31 December 2016	19,344	1,004	7,357	27,705
Amortisation period	3-7 years	3 years	3 years	

The amortisations are recognised as follows in the income statement:

Parent Company			The Group	
2016	**2017**		**2017**	**2016**
12,386	14,634	Administrative costs	15,363	13,117
12,386	**14,634**		**15,363**	**13,117**

The intangible fixed assets residual value and useful life are reviewed on an annual basis, and adjusted if necessary at each reporting period.

Goodwill addition DKKm 7, as specified in note 3.4 impacting both Parent and Group, is related to the boiler activities taken over. The boiler business has been integrated into the BWSC business and the amortisation period for goodwill has been estimated to 3 years. The boiler market is changing and BWSC will need to adjust accordingly to reflect the ongoing changes. The amortisation period have been set accordingly.

Note 3.2 Tangible fixed assets
DKKt

Parent Company

	Fixtures and fittings, tools and equipment	Land and buildings	Total
Cost at 1 January 2017	25,809	118,845	144,654
Additions in the year	3,356	1,208	4,564
Disposals in the year	0	0	0
Cost at 31 December 2017	**29,165**	**120,053**	**149,218**
Depreciation at 1 January 2017	19,971	48,919	68,890
Depreciation for the year	3,334	1,513	4,847
Depreciation of disposals	0	0	0
Depreciation at 31 December 2017	**23,305**	**50,432**	**73,737**
Booked value at 31 December 2017	**5,860**	**69,621**	**75,481**
Booked value at 31 December 2016	5,838	69,926	75,764

Depreciation period	3-10 years	10-100 years	

Work ongoing at Kent Renewable Energy Plant, UK
January 2018

Note 3.2 Tangible fixed assets (continued)

DKKt

The Group

	Fixtures and fittings, tools and equipment	Land and buildings	Total
Cost at 1 January 2017	35,831	118,845	154,676
Currency adjustments af 1 January 2017	-747	0	-747
Additions in the year	9,720	1,208	10,928
Disposals in the year	-281	0	-281
Cost at 31 December 2017	**44,523**	**120,053**	**164,576**
Depreciation at 1 January 2017	22,540	48,919	71,459
Currency adjustments af 1 January 2017	-254	0	-254
Depreciation for the year	5,588	1,513	7,101
Depreciation of disposals	-88	0	-88
Depreciation at 31 December 2017	**27,786**	**50,432**	**78,218**
Booked value at 31 December 2017	**16,737**	**69,621**	**86,358**
Booked value at 31 December 2016	13,291	69,926	83,217
Depreciation period	3-10 years	10-100 years	

Fixtures and fittings, tools and equipment additions DKKm 1,800 is related to business combinations and impacts both Parent and Group. Further information in note 3.4.

In fixtures and fittings, tools and equipment financial leasing is recognised with DKKt 98 (2016: DKKt 189) impacting both Parent and Group.

The tangible fixed assets residual value and useful life are reviewed on an annual basis, and adjusted if necessary at each reporting date.

The depreciations are recognised as follows in the income statement:

Parent Company			The Group	
2016	**2017**		**2017**	**2016**
246	323	Costs of production	2,856	2,516
70	12	Sales costs	12	70
4,015	4,512	Administrative costs	4,233	3,397
4,331	**4,847**		**7,101**	**5,983**

Note 3.3 Financial fixed assets
DKKt

Parent Company

	Subsidiaries	Associated companies	Other securities	Total
Cost at 1 January 2017	9,403	490,593	249,202	749,198
Additions in the year	39	20,292	20,062	40,393
Disposals in the year	0	-33,562	0	-33,562
Cost at 31 December 2017	**9,442**	**477,323**	**269,264**	**756,029**
Revaluations/write-downs at 1 January 2017	28,820	-71,526	-15	-42,721
Profit share in the year	13,793	-23,043	0	-9,250
Exchange rate differences	-3,728	-17,685	0	-21,413
Distribution of dividend to Parent Company	0	-11,934	0	-11,934
Elimination intercompany profit	0	1,810	0	1,810
Revaluations/write-downs at 31 December 2017	**38,885**	**-122,378**	**-15**	**-83,508**
Booked value at 31 December 2017	**48,327**	**354,945**	**269,249**	**672,521**
Booked value at 31 December 2016	38,223	419,067	249,187	706,477

In the distribution of profit for the year (note 5.3) for 2017, DKKt 47,917 has been transferred to Revaluation Reserves according to the equity method from Retained Earnings. The transfer consists of profit share in the year, Distribution of dividend to Parent Company and Elimination of intercompany profit for entities with a positive Revaluation Reserve. For entities with a negative Revaluation Reserve the reserve is included in Retained Earnings. Revaluation reserves can accordingly not be directly reconciled to the above schedule.

The addition for other securities of DKKm 20.1 is an investment in the Kent power plant, in the UK.

A key element for the financial performance of the boiler-based power plants in the UK is the sales price for the power produced. In 2017, the power price in the UK has been below expectations which have a negative impact on profit from investments in associated companies for 2017.

The Group

	Associated companies	Other securities	Total
Cost at 1 January 2017	490,593	249,202	739,795
Additions in the year	20,292	20,062	40,354
Disposals in the year	-33,562	0	-33,562
Cost at 31 December 2017	**477,323**	**269,264**	**746,587**
Revaluations/write-downs at 1 January 2017	-71,526	-15	-71,541
Profit share in the year	-23,043	0	-23,043
Exchange rate differences	-17,685	0	-17,685
Distribution of dividend to Parent Company	-11,934	0	-11,934
Elimination intercompany profit	1,810	0	1,810
Revaluations/write-downs at 31 December 2017	**-122,378**	**-15**	**-122,393**
Booked value at 31 December 2017	**354,945**	**269,249**	**624,194**
Booked value at 31 December 2016	419,067	249,187	668,254

Note 3.3 Financial fixed assets (continued)

DKKt

As per 31 December 2017, the accumulated elimination of the proportionate share of the intercompany profit of DKKm 110 (2016: DKKm 112) before tax has been deducted from the investments in Associated Companies.

The Group

Below the key figures for Associated Companies	Ownership above 25%	Ownership equal to or below 25%	Total	Total
	2017	**2017**	**2017**	**2016**
Revenue	1,131,933	563,373	**1,695,306**	1,335,533
Profit before tax	-24,345	144,215	**119,870**	142,079
Total fixed assets	3,449,779	2,001,635	**5,451,414**	6,197,614
Current assets	523,043	496,207	**1,019,250**	1,027,996
Equity	1,338,274	472,538	**1,810,812**	1,603,235

The amounts stated above are the accounting figures for the individual Associated Company, applying the BWSC Group's accounting policies. For further information about Associated Companies, please see note 6.6.

BWSC has invested in ten power plants via Associated Companies and Other Securities, whereof the Mali investment was added in 2017. Of these five are in operation at the beginning of 2017, one reached TOC (Taking over Certificate) early 2017 and went into operation and four are under construction. Of the four under construction end-2017, two were close to reach TOC end-2017.

Note 3.4 Business combinations

DKKt

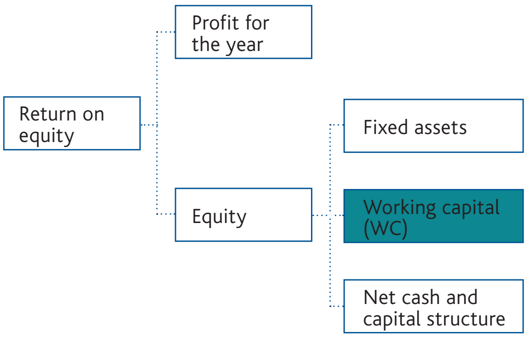
At the end of 2016, Burmeister & Wain Energy (BWE), our partner on a number of biomass projects in the UK, faced financial difficulties. To safeguard the projects under construction BWSC have in February 2017 acquired the assets of BWE for DKKm 24 and employeed more than 80 key people. Today the boiler activities are a key part of our main activities in BWSC adding value to our EPC (Engineering, procurement and Construction) and post construction service business.

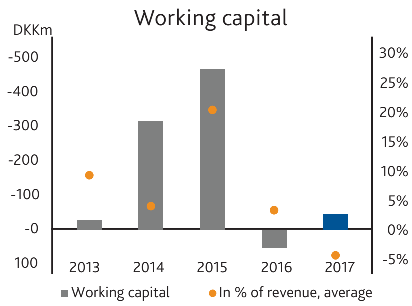
The purchase price is allocated as follows:

	2017
Fixtures and fittings, tools and equipment	1,800
Raw materials and consumables	200
Subtotal	2,000
Goodwill	7,000
Assets taken over related to projects	15,000
Purchase price	**24,000**

Note section 4
Working capital (WC)

Working capital has improved cash position end-2017.





Working capital amounts to DKKm -45 at end-December 2017 (2016: DKKm 50) which equals -4% of revenue (based on average working capital for the year). A negative working capital represents that BWSC is funded by the assets and liabilities necessary to support the day-to-day running of the business. Working capital has improved by DKKm 95 in 2017 from DKKm -50 end-December 2016. The improvement is mainly related to contract work in progress and prepayments received by customers, net.

The funds tied up in working capital end-December 2017 is among other impacted by the two engine-based projects in the Middle East mentioned in the Financial review section of the Management review.

As an EPC contractor, working capital fluctuates during the year mainly due to the timing of large prepayments from customers and large payments to suppliers. To reduce the counterpart risk and ensure a strong cash flow, BWSC is focusing on a positive cash flow from each project.

Working capital equals total current assets excluding cash minus current liabilities excluding mortgage debt, short term, and bank loan.

Note 4.1 Contract work in progress

DKKt

Parent Company			The Group	
2016	**2017**		**2017**	**2016**
4,257,298	4,965,283	Sales value of production in progress	4,965,283	4,933,994
-4,003,778	-4,819,913	Invoiced on account	-4,819,913	-4,633,306
253,520	**145,370**	**Contract work in progress, net**	**145,370**	**300,688**

Classified as follows:

2016	2017		2017	2016
557,426	554,200	Contract work in progress (debtors)	554,200	621,814
-303,906	-408,830	Prepayments received from customers (liabilities)	-408,830	-321,126
253,520	**145,370**		**145,370**	**300,688**

Note 4.2 Other debtors

DKKt

Parent Company			The Group	
2016	**2017**		**2017**	**2016**
39,613	40,273	VAT receivable etc.	49,114	62,467
0	0	Deposits	105	291
54,174	54,648	Financial instruments	54,648	54,174
8,159	23,687	Other	31,981	9,104
101,946	**118,608**		**135,848**	**126,036**

Note 4.3 Other creditors

DKKt

Parent Company			The Group	
2016	**2017**		**2017**	**2016**
33,792	50,112	Payable payroll related costs	60,576	39,485
13,594	10,499	Financial instruments	10,499	13,594
0	0	VAT payable	28,423	92
83	0	Other accrued costs	1,018	1,034
47,469	**60,611**		**100,516**	**54,205**

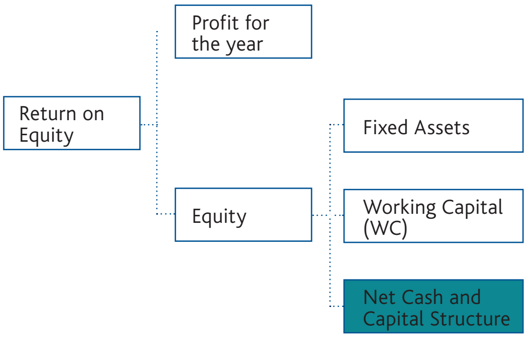
Note 4.4 Changes in working capital for the cash flow statement

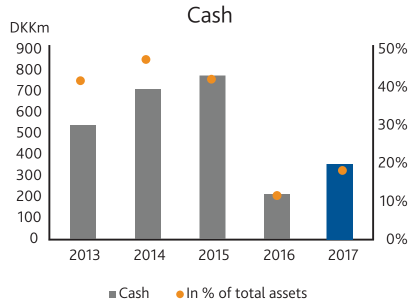
DKKt

	The Group	
	2017	**2016**
Changes in inventories	84	93
Changes in contract work in progress and prepayments received by customers, net	165,318	-598,299
Changes in trade receivables	-70,234	-15,255
Changes in receivables from group companies and associates companies	-3,510	4,409
Changes in other debtors	-9,336	-10,334
Changes in prepayments	499	-554
Changes in trade creditors	-17,448	155,062
Changes in payables to group companies and associated companies	17,106	-3,033
Changes in other creditors	60,904	-9,552
	143,383	**-477,463**

Note section 5
Net cash and capital structure

Cash improvement in 2017 by DKKm 143 to DKKm 358, which equals 18% of total assets (2016: 12%).





BWSC's capital structure at end-2017 consists of equity of DKKm 678, interest bearing debt of DKKm, 169 and cash of DKKm 358.

Equity has decreased by DKKm 85 to DKKm 678 at end-2017 and the solidity ratio (equity in relation to equity and total liabilities) equals to 35% at end-2017, which is a decrease of 7 percentage-points compared to end-2016. Solidity is expected to increase in 2018. Cash has increased by DKKm 143 to DKKm 358 at year-end 2017 whereas interest bearing debt has decreased by DKKm 3 to DKKm 169. Accordingly, net cash amounts to DKKm 189 at year-end 2017 which is an increase of DKKm 146 compared to year-end 2016. The increase of DKKm 146 is mainly related to increased in cash due to increase in pre-payments received from customers and other creditors.

A Treasury Policy to manage the main financial risks is in place. The key financial risk is the currency exposure on long-term operation and maintenance contracts with duration of up to 20 years.

Note 5.1 Capital structure

A company's capital structure shows how it funds its investments and operation using equity and debt. BWSC has decided to use solidity (equity / equity and total liabilities) as the key measure of capital structure and a minimum solidity of 40% has been set.

The overall objective is to ensure a continued development and strengthening of BWSC's capital structure which supports long-term profitable growth and a solid increase in key earnings and statement of financial position ratios.

The solidity ratio of 35% end-2017 is impacted by all-time high assets and the decrease in equity (equity degrease specified in the statement of change in equity) related to negative profit after tax, dividend payments and currency adjustment.

The solidity is expected to increase to above 40% in 2018 and will accordingly be in line with the minimum solidity set in the Treasury Policy again.

Note 5.2 Long-term liabilities

Debt maturing within one year is recognised as current liabilities and debt maturing above one year is recognised as long-term liabilities.

Long-term debt maturing after five years from the end of 2017 amounts to DKKm 3 (2016: DKKm 6).

The mortgage debt in total amounts to DKKm 19 (2016: DKKm 22) at 31 December 2017 with a maturity of six years.

The other long-term liabilities DKKm 5 (2016: DKKm 5) are non-interest bearing.

Note 5.3 Distribution of profit

It is recommended that the profit of the year, DKKt -23,623 is appropriated as follows:

Parent company

2016	2017	
42,500	0	Proposed dividend
116,614	47,928	Transferred from reserve for net revaluation according to the equity method
7,357	8,643	Transferred from reserve for development costs
-81,459	-80,194	Retained earnings
85,012	**-23,623**	

The statement of change in equity is included on page 45.

Note 5.4 Financial risks

BWSC is exposed to a number of financial risks due to its international operations and investments. The overall objectives and policies for BWSC's financial risk management are outlined in the Treasury Policy. The main financial risks are managed centrally within the BWSC Group.

The financial risks are specified below into the following sections:

1. Liquidity risks
2. Counterpart risks
3. Interest rate risks
4. Currency risks

The counterpart and interest rate risks are assessed as low whereas the liquidity and currency risks are higher.

At the end of this note the financial instruments (Currency and Interest) and the accounting for the instruments have been summarised in the Total financial instruments section.

Liquidity risks

It is important for BWSC to make sure that adequate cash is available at all times to be able to operate effectively even in the event of unforeseen fluctuations in liquidity. On an ongoing basis, BWSC monitors the liquidity resources which consist of cash, and committed credit facilities deducted by gross interest bearing debt and the main part of net prepayments received from customers. Net prepayments received from customers are taken into account in connection with monitoring the liquidity resource as prepayments has a material impact on the cash level. In the treasury policy an internal limit in the shape of a minimum liquidity resource target has been set to ensure that adequate liquidity resources are available.

BWSC's cash position for 2017 amounts to DKKm 358 (2016: DKKm 214). Prepayments from customers 31 December 2017 are DKKm 409 (2016: DKKm 321) and are taken into consideration in the measurement of the minimum liquidity resource as stated above.

A committed 3 year credit facility was established in 2016 of DKKm 250, with two one year extension options. The committed credit facility is subject to covenants and no breaches have been encountered at year-end 2017. In 2017 the credit facility has been extended with one year and expire in 2020.

The table below show the overview of interest bearing debt for end-2017 and end-2016.

	2017				2016			
DKKm	**Amount**	**Drawn**	**Available**	**Expiry**	**Amount**	**Drawn**	**Available**	**Expiry**
Credit facility	250	150	100	2020	250	150	100	2019
Mortage debt	19	19	-	2023	22	22	-	2023
Total	**269**	**169**	**100**		**272**	**172**	**100**	

Counterpart risks
BWSC's counterpart risks mainly relates to trade debtors, contract work in progress, cash deposits and derivative financial instruments with a positive market value (mainly currency hedging).

For material customers a credit risk evaluation is performed to ensure an acceptable level of credit risk. Insurance cover or similar measures to hedge trade debtors and contract work in progress is applied from time to time, but historically BWSC has only had few material losses on trade debtors and contract work in progress.

For financial institutions BWSC's policy is to have at least two partner banks with a solid credit rating and only to enter into derivative financial transactions with partner banks. Other banks are regarded as relationship banks and must also have a solid credit rating. All banks for the group are managed centrally. A maximum counterpart risk level has been set with a higher exposure towards partner banks than towards relationship banks.

Interest rate risks
BWSC's is exposed to interest rate risk arising from interest bearing debt and cash deposits. Exposure to interest rate on cash deposits is limited.

BWSC's cash deposits are subject to floating interest.

Interest bearing debt at 31 December 2017 consists of mortgage debt and drawn committed credit facility. The mortgage debt amounts to DKKm 19 (2016: DKKm 22) and is subject to a fixed interest rate via an interest rate swap. The market value of the interest rate swap is DKKm -3 (2016: DKKm -4) and the market value is recognised in Equity. The maturity of the loan is six years.

The drawn committed credit facility amount is DKKm 150 (2016: DKKm 150) and is subject to 3 months floating interest rate.

Long-term debt maturing after five years is specified in note 5.2.

Currency risks
The main part of BWSC's income, purchase of goods and services and investments are in DKK, EUR, GBP and USD, and accordingly, BWSC is exposed to material currency risks. The EUR currency risk is regarded as low due to Denmark's fixed-rate policy towards EUR and is as such not hedged.

	2017			2016		
DKKt	**Market value**	**Contract amount sold**	**Contract amount bought**	**Market value**	**Contract amount sold**	**Contract amount bought**
USD	-352	0	6,208	2,221	0	38,790
GBP	47,420	777,322	184,724	44,756	1,223,853	53,280
CHF	0	0	0	-186	0	2,873
HKD	0	0	0	-2,328	27,555	0
MUR	-27	2,787	0	0	0	0
Total	**47,041**	**780,109**	**190,932**	**44,463**	**1,251,408**	**94,943**

The table below shows the market value of financial instruments per currency hedged and the contract amount in DKK based on the year-end exchange rates.

A financial instrument is assessed as an effective hedge when the financial instrument is based on a recognised asset, liability or an expected future cash flow. Effective hedges are recognised in equity and are transferred to either the income statement or the balance sheet item depending on which the hedging is related to when the hedged transaction is recognised. Any financial instruments which are estimated as ineffective are recognised in the income statement as a financial income or cost.

The Engineering, Procurement and Construction (EPC) projects of power plants have a life time of up to 30 months whereas some of the service projects (Operation and Maintenance projects) have a lifetime of up to twenty years.

A hedging strategy has been established to hedge the currency exposure. Only cash flows above a threshold, which is based on the historic volatility of the currencies, are hedged, and only simple financial instruments must be used. Net investments in subsidiaries and associated companies are not hedged.

The hedging strategy is based on a latter, which hedges between 90-100% of the currency exposure up to three years, and a lower share of the exposure between four and five years and a low share of the exposure between six and eight years. The hedging is performed initially upon contract signing and updated during project execution.

For the Operation and Maintenance projects with a life time of up to twenty years, the net currency exposure above five years amount is above DKKbn 1. The currency risk above five years is mainly related to GBP. Material future changes in GBP could have a material impact on BWSC's cash flow beyond 2022.

Total financial instruments
Below table shows the market value for the Currency and Interest rate financial instruments and the effect on income statement and equity.

	2017			2016		
DKKt	**Market value**	**Recognised in income statement**	**Recognised in equity**	**Market value**	**Recognised in income statement**	**Recognised in equity**
Currency financial instruments	47,041	0	47,041	44,463	-464	44,927
Interest rate financial instruments	-2,892	0	-2,892	-3,883	0	-3,883
Total	**44,149**	**0**	**44,149**	**40,580**	**-464**	**41,044**

The below table shows the maturity of the financial instruments recognised in equity.

	2017			2016		
DKKt	**Currency financial instruments**	**Interest rate financial instruments**	**Total**	**Currency financial instruments**	**Interest rate financial instruments**	**Total**
Within 1 year	24,103	0	24,103	14,161	0	14,161
Between 1 and 5 years	22,938	0	22,938	30,766	0	30,766
Over 5 years	0	-2,892	-2,892	0	-3,883	-3,883
Total	**47,041**	**-2,892**	**44,149**	**44,927**	**-3,883**	**41,044**

Note section 6. Other notes

This section contains other statutory disclosures not related to the previous sections.

Note 6.1 Other provisions

Other provisions DKKm 122 (2016: DKKm 22) cover estimated remaining liabilities in connection with finalised projects other than warranty provisions.

Approximately 90% of other provisions are expected to be settled within the next 12 months from the Balance sheet date.

Note 6.2 Transactions between related parties

Purchase of goods and services from Mitsui Engineering & Shipbuilding Co., Ltd., Japan and sale of goods to subsidiaries and associated companies have taken place at market conditions and accordingly the amounts are not stated.

Apart from intercompany transactions which have been eliminated in the Group accounts, plus guarantee frame fee and purchase of services at DASH engineering, service sales to associated companies, remuneration for the Board of Directors and Group Management, no transactions have been made with the Board of Directors, Group Management, subsidiaries, and associated companies or other related parties during the year.

Group relationships
Burmeister & Wain Scandinavian Contractor A/S is 100% owned by Mesco Denmark A/S, which prepares its own consolidated Financial Statements. The Mesco Denmark Financial Statements can be obtained via BWSC or www.datacvr.virk.dk. The ultimate Parent Company is Mitsui Engineering & Shipbuilding Co., Ltd., which prepares the Financial Statements for the group in which BWSC is included.

Group Financial Statements for the ultimate Parent Company can be obtained from: Mitsui Engineering & Shipbuilding Co., Ltd., 6-4, Tsukiji 5-chome, Chou-ku, Tokyo 104-8439, Japan or via www.mes.co.jp.

Boiler work at Ryaverket, Borås Energi & Miljö, Sweden November 2017

Note 6.3 Contingency liabilities, security for loans, etc.

BWSC has not entered into any material leasing obligations.

BWSC is party to disputes and litigation from time to time which is normal for BWSC's business. The outcome of such disputes or litigation will not have a material impact on BWSC's financial position.

The Parent Company is jointly taxed with the other Danish entities in the Mesco Denmark Group. As a wholly-owned subsidiary, Mesco Denmark is jointly and severally liable, together with the other jointly taxed entities, for Danish income taxes and withholding taxes on dividends, interest and royalties within the Group of jointly taxed entities. Any subsequent adjustments of the joint taxable income or withholding taxes may result in an increase of the Company's liability.

Land and buildings with a book value of DKKm 70 (2016: DKKm 70) has been provided as security for mortgage debt. The total mortgage debt amounts to DKKm 19 (2016: DKKm 22).

Burmeister & Wain Scandinavian Contractor A/S has invested in power plants via associated companies and the not paid in committed capital in associated companies amounts to DKKm 19 at 31 December 2017. The not paid in capital will be paid in during 2018.

Note 6.4 Cash flow adjustments for the cash flow statement

DKKt

	The Group	
	2017	**2016**
Amortisation/depreciation	21,090	19,100
Changes in provisions	122,768	6,941
Derivative financial instruments	-24,345	-767
Elimination of Intercompany profit (note 3.3)	-1,810	23,847
	117,703	**49,121**

Note 6.5 Events after the balance sheet date

No significant events subsequent to 31 December 2017, which could materially impact the financial position, have occurred.

Projects which have resulted in the unsatisfactory financial performance are stated in note section 2. These projects have not reached TOC and accordantly might have an impact on 2018, which is considered not material.

Note 6.6 Subsidiaries and Associated Companies

Companies	Incorporated in country	Ownership in %
Parent company		
Burmeister & Wain Scandinavian Contractor A/S*	Denmark	
Subsidiaries		
BWSC Generation ApS	Denmark	100%
BWSC Foreign Investments ApS	Denmark	100%
BWSC Generation Services UK Ltd.	United Kingdom	100%
BWSC Generation Services Northern Ireland Ltd.	United Kingdom	100%
BWSC (Mauritius) Ltd.	Mauritius	100%
BWSC Lebanon Construction SARL	Lebanon	100%
BWSC Panama S.A.	Panama	100%
BWSC Regional Services S.A.	Panama	100%
BWSC Lanka (Private) Ltd.	Sri Lanka	100%
BWCC Ltd.	The Bahamas	100%
BWSC Cayman Ltd.	Cayman	100%
BWSC Macau Ltd.	Macau	100%
BWSC Sweden AB	Sweden	100%
Associated companies		
Western Biomass Operating Company Ltd.	United Kingdom	51%
APOM Ltd.	United Kingdom	50%
BWSC Power Corporation Ltd.	United Kingdom	34%
Rabai Power Holding Ltd.	United Kingdom	25.5%
ERE LPS Holdings Ltd.	United Kingdom	17.2%
Mersey Bioenergy Holdings Ltd.	United Kingdom	10.6%
Tilbury Green Power Holding Ltd.	United Kingdom	3.4%
Rabai Operation and Maintenance Ltd.	Kenya	51%
Pedregal Power Company S.D.E.R.L	Panama	7.6%
Asia Power (Private) Ltd.	Sri Lanka	6.8%
Albatros Energy Mali S.A	Mali	8%

* The Company has branches in the United Kingdom, Greece and Suriname.

Companies and branches without material activities and assets and liabilities, and dormant companies are omitted from the list.

BWSC has furthermore invested in Kent Power Corporation which has been accounted for as Other securities (note 3.3)

Note section 7 Accounting policies

The basis of reporting is described in note 1.1 whereas below the detailed accounting policies are described.

Note 7.1 Accounting policies

General

The Annual Report of Burmeister & Wain Scandinavian Contractor A/S has been presented in accordance with the provisions of the Danish Financial Statements Act for large reporting Class C companies.

Change in accounting policies

No changes to accounting policies as of 2017.

Recognition and measurement in general

Assets are recognised in the Balance sheet when it is probable that future economic benefits associated with the assets will flow to the Group, and the cost of the assets can be measured reliably.

Liabilities are recognised in the Balance sheet when it is probable that future economic benefits associated with the liabilities will flow from the Group, and the cost of the liabilities can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Assets and liabilities are afterwards measured as described below for each Balance sheet item.

Consolidation

The consolidated Financial Statements are prepared on the basis of Financial Statements of the Parent Company and each subsidiary by aggregating items of a similar nature and by eliminating intra-group transactions.

The project financial statements of international contracting activities are translated into DKK as follows: The items in the Income Statement and the Balance Sheet are translated according to weighted project rates, corresponding to the exchange rates according to forward exchange contracts entered into. As the exchange rates applied are the same during the entire project period, generally no exchange rate adjustments arise on large projects.

The financial statements of foreign subsidiaries that operate as independent entities are translated into DKK as follows: The items in the Income Statement are translated at average rates that do not differ materially from the exchange rates at the date of transaction. Balance Sheet items are translated at closing exchange rates. Exchange rate adjustments are recognised directly in equity.

The financial statements of international subsidiaries that operate as integrated entities are translated into DKK as follows: The items in the Income Statement are translated at average rates that do not differ materially from the exchange rates at the date of transaction. Current assets and liabilities are translated at closing exchange rates, whereas fixed assets and long-term liabilities are translated at historical rates. Exchange rate adjustments are recognised in the Income Statement.

The items from the subsidiaries are consolidated into the Group's Financial Statements 100% line by line. The minority interests' proportional share of the net result and equity of the subsidiaries are included as separate items under the consolidated profit for the year and equity.

Companies in which the Group holds between 20% and 50% of the voting rights or in some other way holds significant influence, but not control, are regarded as associated companies as described under the item "Financial Fixed Assets".

Foreign currency translation

Transactions in foreign currency are translated at the exchange rate at the transaction date. Exchange rate adjustments arising between the exchange rate at the transaction date and the payment date are recognised in the Income Statement.

Receivables, payables and other monetary items in foreign currency, which are not paid at the Balance Sheet date, are translated at the exchange rate at the Balance Sheet date. The difference between the exchange rate at the Balance Sheet date and the exchange rate at the time when the receivable or payable is incurred is recognised in the Income Statement.

Financial instruments

Financial instruments are initially recognised in the Balance Sheet at cost and subsequently measured according to fair value. The fair value of financial instruments is included in other debtors (positive fair value) or other creditors (negative fair value) as the case may be.

Changes in the fair value of financial instruments that hedge the fair value of already recognised assets or liabilities are recognised in the Income Statement under financial income or financial costs together with changes in the value of the assets and liabilities hedged.

Financial instruments used to hedge expected future transactions regarding specific projects or interest payments are measured at fair value on the Balance Sheet date, and value adjustments are recognised directly in equity until the hedged item is realised. When the hedged item is realised, the changes in value are recognised in the same accounting entry as the hedged item as stated above by transferring the changes in value from equity to the Income Statement.

Financial instruments which are not held for hedging purposes regarding specific projects or interest payments are recognised in the Balance Sheet at fair value on the Balance Sheet date. Value adjustments are recognised in the Income Statement under financial income or costs.

INCOME STATEMENT

Revenue

The Group's revenue is derived from contract activities, service contracts, etc. as stated on page 8.

Contract work and operational contracts are recognised according to the percentage-of-completion method. Profits on contracts are recognised by reference to actual stage of completion based on an estimate allowing for both known and expected additional costs. In connection with consortiums, only the Group's share is taken into account.

Stage of completion is determined on the basis of an assessment of the work carried out, evaluated on the basis of costs incurred on the project, compared to the total estimated costs.

Realised profits on completed contracts are recognised net of provisions for warranties.

Income from spare part contracts is recognised when delivered.

Costs of production

Costs of production comprise expenses, including wages and salaries, raw materials and consumables, and depreciation made for purposes of generating the year's revenue, including indirect costs related to wages and salaries, rent and leases and depreciation.

Research costs and development costs that do not qualify for capitalisation and depreciation of capitalised development costs are recognised as costs of production.

Write-downs in connection with expected losses on contract activities are recognised as costs of production.

Sales costs

Costs related to offers and orders, including expenses related to sales personnel, marketing, including costs for Independent Power Producer (IPP) project development, and internal development projects, are recognised as sales costs.

Administrative costs

Costs related to management and group administration, including costs related to administrative officers, management, office premises, office expenses, depreciation etc., are recognised as administrative costs.

The administrative costs that are included in production overheads are transferred to production overheads.

Net financials

Financial income and costs include interest income and costs, realised and unrealised capital gains and losses, changes of financial instruments not designated as hedging arrangement, amortisation of financial assets and liabilities and surcharges and allowances under the advance-payment-of-tax scheme, etc. Financial income and costs are recognised at the amounts relating to the reporting period.

Tax

The estimated tax charge for the year is recognised in the Income Statement and is recorded as a current liability in the Balance Sheet. Non-refunded dividend tax concerning dividends from foreign subsidiaries is expensed in the year in which the dividend is declared.

The Company and its Parent Company are jointly taxed. The tax of the joint taxation income is fully allocated by payment of joint taxation contributions.

Deferred tax resulting from timing differences between income and expenses in the Financial Statements and the statement of taxable income and from tax loss carry-forwards is provided for in the Balance Sheet. Changes in the deferred tax charge for the year are taken to the Income Statement. Actual and deferred tax related to equity movements is recognised directly in equity.

BALANCE SHEET

Intangible and tangible fixed assets

Intangible and tangible fixed assets are measured at cost plus subsequent additions and revaluation and less accumulated amortisation/depreciation and impairments.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Amortisation/depreciation in the year is provided on a straight-line basis over the estimated useful lives of the individual assets, using the following periods:

Goodwill	3 years
IT software	3-7 years
IT hardware	3 years
Development costs	3 years
Office building	100 years
Warehouse	25 years
Installations	10 years
Cars	5 years
Plant and equipment	5 years
Fixtures, fittings and tools	3-10 years

Land is not depreciated

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to use the project, are recognised as intangible assets provided that the cost can be measured reliably and future earnings exceeding the capitalised costs. Other development costs are recognised in the income statement as incurred.

Financial fixed assets
Investments in subsidiaries and associated companies are recognised at the Parent Company's proportionate share of the net assets of the companies, calculated by reference to the accounting policies applied by the Parent Company, adjusted for proportionate share of unrealised intra-group profits and losses (the equity method).

Subsidiaries and associated companies whose net asset value is negative are recognised at DKK 0, and any receivables from these companies are written down by the Parent Company's share of the negative net asset value. If the net asset value exceeds the receivables, the residual amount is recognised under provisions provided that the Parent Company has a legal or actual obligation to cover the subsidiaries' deficits.

Net revaluation of investments in subsidiaries and associated companies is taken to equity as a net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost.

Newly acquired or newly established companies are recognised in the Financial Statements from the time of acquisition. Companies sold or otherwise disposed of are recognised until the time of sale.

Profits or losses on the sale of subsidiaries and associated companies are stated as the difference between the selling price and the carrying amount of the net assets at the time of sale and expected costs related to the sale and/or disposal and recognised in the Income Statement under other income.

The takeover method is applied to newly acquired subsidiaries and associated companies. Thus, the assets and liabilities of such companies are measured at fair value at the time of acquisition.

Other securities including equity investments are investments in unlisted shares that Management considers investment securities. The equity investments are measured at cost.

Inventories
Inventories, including prepayments for goods, are measured at cost according to the FIFO principle. However, inventories are written down to the lower of cost or net realisable value.

Debtors
Debtors, etc. are measured at amortised cost, which usually equals the nominal value.

Impairment for bad debts are based on individual assessments if there is an objective indication that a debtor is impaired.

Contract work in progress
Contract work in progress is measured by reference to the stage of completion. Reference is made to the section Revenue.

The sales value is based on the stage of completion at the Balance Sheet date and the total expected income on the individual work in progress.

The individual work in progress is recognised in the Balance Sheet under debtors or liabilities other than provisions, dependent on the net value of the selling price less payments on account and prepayments. Costs related to sales work and contracts are recognised in the Income Statement as incurred.

Prepayments
Payments, made or received concerning costs or income in subsequent years are recognised under prepayments.

Warranty provisions
Warranty provisions comprise commitments to repair work within the guarantee period. Provisions are measured and recognised based on previous experience with guarantee work.

Other provisions
Other provisions comprise expected remaining costs relating to delivered contracts.

When it is probable that the total costs will exceed the total income on contract work in progress, a provision is made for the total loss expected to be incurred on the work. The provision is recognised as costs under production costs.

Proposed dividend
Proposed dividend for the year is included in the equity.

Financial liabilities
Financial liabilities are recognised from the raising of the loan at the proceeds received net of transaction costs incurred.

The financial liability is subsequently measured at amortised cost, equalling the capitalised value, using the effective interest rate method. The difference between the proceeds and the nominal value is thus recognised in the Income Statement over the loan term.

Other financial liabilities, which comprise trade creditors, payables to related and associated companies and other creditors are measured at amortised cost, which usually corresponds to the nominal value.

CASH FLOW STATEMENT

The cash flow statement shows the Group's net cash flows for the year, broken down by operating, investing and financing activities, changes in cash and the Group's cash at the beginning and at the end of the year.

Cash flow statement for the parent company has not been prepared in accordance with §86,4 of the Danish Financial Statements Act.

Cash flows from operating activities

Cash flows from operating activities are made up as the operating profit, adjusted for non-cash operating and financial items, changes in working capital and paid income taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to additions and disposals of companies and additions and disposals of intangible and tangible assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs, raising of loans and repayments of interest-bearing debt and dividends distributed to shareholders.

FINANCIAL RATIO

Analysis of the financial ratios included in the financial highlights on page 6 and 71:

Gross margin $$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Profit ratio $$\frac{\text{Profit before tax} \times 100}{\text{Revenue}}$$

Solidity $$\frac{\text{Equity at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$$

Return on equity $$\frac{\text{Profit for the year (after tax)} \times 100}{\text{Average equity}}$$

Work in progres, Snetterton Renewable Energy Plant, UK
January 2018

GROUP FINANCIAL HIGHLIGHTS, EUR

	2017 EURm	2016 EURm	2015 EURm	2014 EURm	2013 EURm
Income statement					
Revenue	387	395	283	244	204
Gross profit	27	40	33	18	30
Net financials	0	-1	1	1	-1
Profit before tax	-3	15	14	3	12
Profit for the year	-3	11	10	2	9
Balance sheet					
Total assets	263	246	246	201	173
Cash	48	29	104	95	72
Equity	91	102	98	85	84
Interest-bearing debt	23	23	3	4	4
Investments in tangible fixed assets	1	2	1	1	1
Cash flows					
From operating activities	30	-44	37	43	-26
From investment activities	-4	-45	-26	-16	-8
From financing activities	-6	14	-2	-4	-4
Financial ratio (%)					
Gross margin	7	10	12	7	15
Profit ratio	-1	4	5	1	6
Solidity	35	42	40	42	48
Return on equity	-3	11	11	3	11
Other information					
Order intake	506	408	356	497	510
Order backlog	956	898	886	808	552
Average number of full-time employees	715	577	557	484	450
Of which employed by the Parent Company	473	383	355	287	296

The profit ratio has been calculated as profit before tax proportional to revenue. The calculation of the remaining financial ratios are described in note 7.1 in the Financial statements.

The key figures are translated at the year-end EUR exchange rate of 7.45

The order backlog for 2017 DKKm 7,120 is specified in more detail in DKKm on page 13

Burmeister & Wain Scandinavian Contractor A/S
Gydevang 35
DK-3450 Allerød
Denmark

Phone: +45 4814 0022
Fax: +45 4814 0150

bwsc@bwsc.dk
bwsc.com

Company reg. no. (CVR): 87929116