BWSC

ANNUAL REPORT 2018

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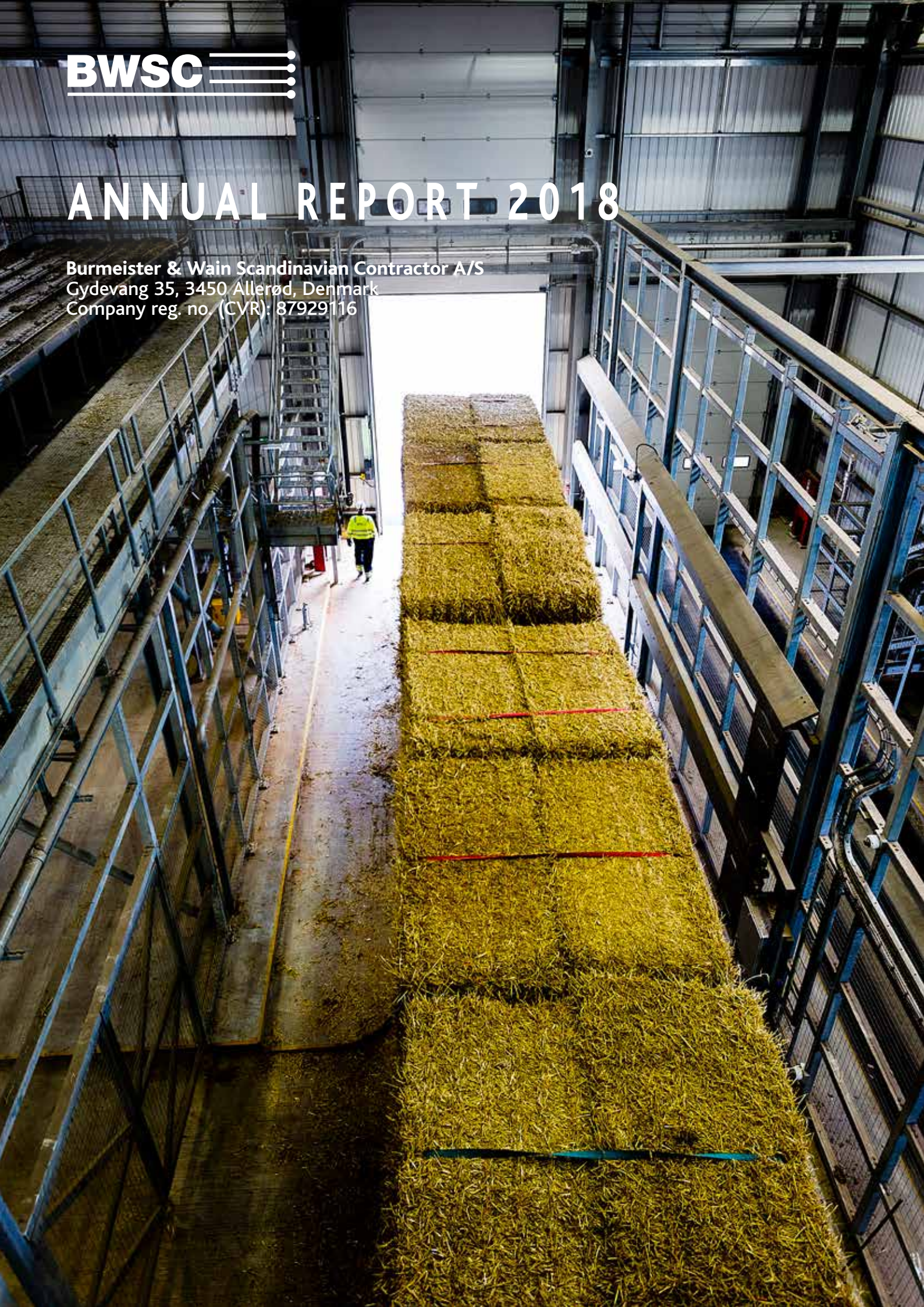
Company reg. no. (CVR): 87929116



CONTENTS

MANAGEMENT'S REVIEW

BWSC at a glance	3
Letter from the CEO	4
Group financial highlights	6
Our customers and us	7
Financial review	13
Risk management	16
2018 highlights	18
Corporate social responsibility	20

OUR LEADERSHIP

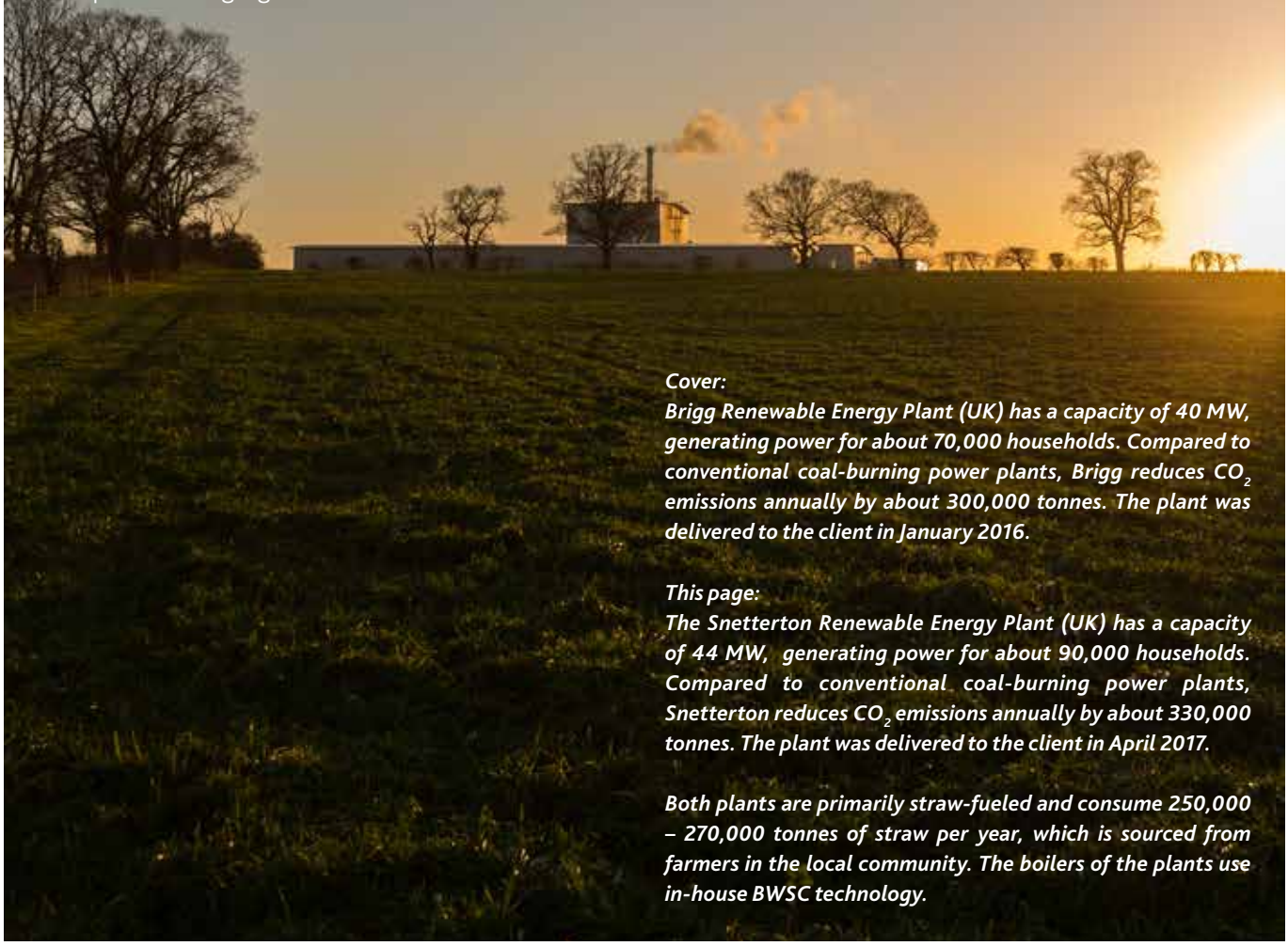
Corporate governance	28
Board of Directors	30
Management Group	31

STATEMENT & REPORT

Management's statement	33
Independent auditors' report	34

FINANCIAL STATEMENTS

Income statement	37
Balance sheet	38
Cash flow statement	40
Statement of changes in equity	41
Notes	42
Group financial highlights, EUR	67



Cover:
Brigg Renewable Energy Plant (UK) has a capacity of 40 MW, generating power for about 70,000 households. Compared to conventional coal-burning power plants, Brigg reduces CO_2 emissions annually by about 300,000 tonnes. The plant was delivered to the client in January 2016.

This page:
The Snetterton Renewable Energy Plant (UK) has a capacity of 44 MW, generating power for about 90,000 households. Compared to conventional coal-burning power plants, Snetterton reduces CO_2 emissions annually by about 330,000 tonnes. The plant was delivered to the client in April 2017.

Both plants are primarily straw-fueled and consume 250,000 – 270,000 tonnes of straw per year, which is sourced from farmers in the local community. The boilers of the plants use in-house BWSC technology.

BWSC AT A GLANCE

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

2017: 2.9
Revenue
DKKbn 2.2

2017: 7.1
Order backlog
DKKbn 7.9

2017: 35
Equity ratio
25%

74 COUNTRIES

TURNKEY POWER PLANTS
BOILERS AND CONVERSIONS
OPERATION, MAINTENANCE AND SERVICE

2017: 2.7
Lost time injury frequency
2.4

2017: 715
No. of employees
763

Nationalities
25

Boilers and conversions
105

15%

85%

2017: 15/85

EPC turnkey installed
MW 4,100

O&M references
25

IPP investment references
10

LETTER FROM THE CEO

REMAINING COMPETITIVE IN A TRANSITIONAL MARKET

Changes in the energy market are happening fast. Over the past couple of years, the cost of power from renewable sources has decreased significantly and global concerns about climate change have prompted governments to turn climate objectives into specific plans and targets. The share of renewable energy in the global energy mix is increasing and utility companies, governments and other key stakeholders are assessing how to integrate such energy sources into their medium to long-term plans. Facing such a transitional market, we are already playing our part while staying at the forefront of product development and actively pursuing markets for renewable and hybrid energy solutions. However, competition remains tough in all markets, and in 2018, BWSC took a great step forward with competitiveness programmes, aiming to make our energy solutions even more attractive. Our work in this respect will continue in 2019 and beyond.

ACHIEVEMENTS AND CHALLENGES IN 2018

2018 did not turn out as planned. We have experienced a number of challenges and our financial situation calls for stern measures to progress confidently along the path to remaining a world-class provider of energy solutions. We have obtained 82 percent of our expected orders for 2018 and delays in concluding commercial negotiations on a few significant EPC projects have resulted in a loss before tax for 2018, which is not satisfactory. The 2018 financial results call for action to turn around the company. Entering 2019, our key focus has been to conclude the commercial negotiations of the above-mentioned projects and to set in motion a strategy review process to become even more attractive to our customers and competitive in our solutions.

The overall work to improve our procedures and to further reduce any accident and injury risks continues to improve. Unfortunately, in 2018 there was a fatal accident at the Kayes site in Mali when a truck driver was stuck and fatally injured while working underneath his truck. This incident underscores the need for all BWSC contractors, suppliers and employees to adhere to effective health and safety standards at all times. Any incident is one incident too many.

During 2018, we have also achieved a great deal. We have contributed to affordable, reliable and modern energy for more than one million African households. We have successfully handed over three major power plants and obtained a number of strategically important EPC and O&M contracts. And we have entered into the waste-to-energy market with an important win of the contract to construct as well as to operate and maintain the Hooton Bio Power facility in the UK.

At BWSC we make strong efforts to live by our CSR statement, policies and procedures as well as other regulation. Therefore it was very unfortunate that we early 2019 had to summarily dismiss five employees for breach of our code of conduct.

STRATEGY IN MOTION TOWARDS A NEW BWSC BETTER FIT FOR THE FUTURE

The year ahead of us will be a year of change! In 2018, we have welcomed many new employees as well as four new directors to our management group, including a new CFO and myself as new CEO. The new management group has set in motion a strategy review process with focus on profitability and robustness rather than growth, and we strongly believe that successful execution of our revised strategy will lead us to new opportunities and sound profitability in the years to come. 2019 will be a busy and transitional year and the start of the journey towards a BWSC better fit for the future.

I would like to thank our clients, partners and suppliers for your dedicated support and cooperation in 2018. And we thank our employees for their personal commitment – they have worked tirelessly throughout the year to meet our clients' expectations.

Nikolaj Holmer Nissen, CEO

Brigg Renewable Energy Plant

We will continue to develop our business to remain competitive in a transitional market. Our key target remains to create value for our partners and wider society, through delivery of reliable and affordable energy. With a renewed strategic focus on competitiveness, I am confident that 2019 will lead us to new opportunities and sound profitability.

NIKOLAJ HOLMER NISSEN, CEO

GROUP FINANCIAL HIGHLIGHTS - 5 YEAR SUMMARY

	2018 EURm*	2018 DKKm	2017 DKKm	2016 DKKm	2015 DKKm	2014 DKKm
Income statement						
Revenue	290	2,158	2,882	2,946	2,106	1,815
Gross profit	16	121	202	297	244	131
Financial items, net	-2	-18	3	-11	7	6
Result before tax	-25	-186	-22	110	101	21
Net result	-22	-160	-24	85	76	17
Balance sheet						
Total assets	261	1,952	1,963	1,832	1,836	1,496
Cash	70	521	358	214	774	708
Net working capital	-37	-278	-31	87	-465	-317
Equity	65	488	678	763	727	630
Net interest-bearing debt	29	216	169	172	25	28
Investments in tangible fixed assets	1	8	11	12	6	6
Cash flow						
From operating activities	15	114	221	-331	273	323
From investment activities	0	3	-31	-337	-195	-121
From financing activities	6	47	-46	108	-12	-33
Financial ratio (%)						
Gross margin	6	6	7	10	12	7
Profit ratio	-9	-9	-1	4	5	1
Equity ratio	25	25	35	42	40	42
Return on equity	-28	-28	-3	11	11	3
Other information						
Order intake	397	2,955	3,769	3,036	2,655	3,701
Order backlog	1,063	7,917	7,120	6,687	6,597	6,018
Number of full-time employees	763	763	715	577	557	484
Of which employed by the Parent Company	509	509	473	383	355	287

The calculation of the financial ratios are described in note 7.2 in the financial statements.

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

3D visulatisation of the Hooton Bio Power facility (UK); a high efficiency waste gasification plant. The facility will gasify some 240,000 tonnes of waste per year, generating in excess of 200 GWh of electricity annually – enough to power about 50,000 homes. It is the first time the UK market will realise a gasification plant of this size based on fluidised bed technology. The facility is expected to be operational in the second half of 2021.

OUR CUSTOMERS AND US

Driven by our mission to deliver world-class, sustainable energy solutions, our aim is to create value for all our customers, stakeholders and surrounding communities. Our customers make societies function. The majority of our customers are companies within the power generation industry, and their services contribute to much of what we all expect from a well-functioning society. Creating value for our customers by supporting their profitability – this is the foundation of our business.

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 on the market today resulting in reliable power at reasonable costs to consumers.

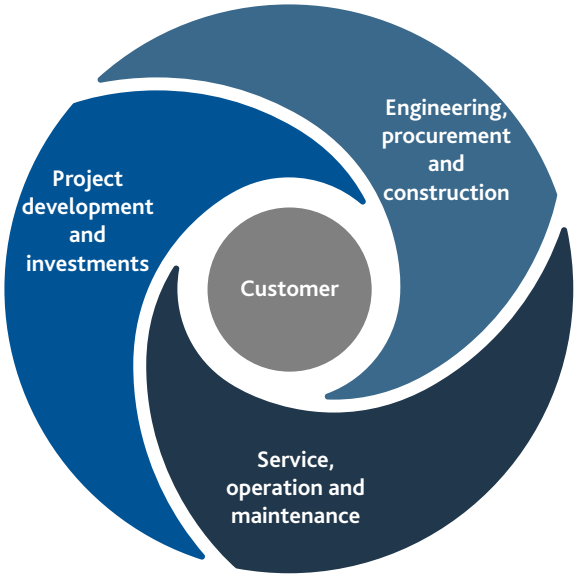
Cleaner air: We aim at ensuring an optimal balance between low environmental impact and low cost of ownership for power plant owners. To strengthen our climate efforts, we strive to continuously develop innovative products and processes that improve the sustainability of our power plants. We always offer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

Sustainable development: In executing our energy solutions we are committed to contributing to the United Nations Sustainable Development Goals (SDGs): We deliver affordable, reliable and modern energy, and we facilitate close partnerships between governments, civil society and private companies. We contribute to economic development by providing industry with access to electricity and by providing employees with job opportunities and good working conditions during the construction and operation of power plants.

We always work within parameters of national legislation and follow internationally recognised standards set by the UN and the World Bank, 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.

WHAT WE OFFER

Our core business is project development and investment (PDI), engineering, procurement and construction (EPC), delivery of advanced biomass-fueled boilers as well as services, operation and maintenance of power plants.



PROJECT DEVELOPMENT AND INVESTMENTS

- developer and investor in boiler and engine-based power plants
- investments in ten power plants

ENGINEERING, PROCUREMENT & CONSTRUCTION

- turnkey contractor
- boiler-based and engine-based power plants, power barges and hybrid power solutions
- customer specific solutions
- boiler supplier

SERVICE, OPERATION AND MAINTENANCE

- sales of spare parts and training
- technical support agreements (TSA)
- operation and maintenance (O&M)
- rehabilitation

PROJECT DEVELOPMENT AND INVESTMENTS

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.

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

ENGINEERING, PROCUREMENT AND CONSTRUCTION

BWSC is a global and leading EPC contractor of customised turnkey power plants. We deliver complete plants to our customers, at an agreed price, date and at a specified performance level.

We are experienced providers of turnkey boiler-based energy plants and are a UK market leader of wood and straw-fueled plants. We deliver power plants within the range of 15-70 MW.

Within the engine-based market, we have 30 years of experience as a global market leader with the capacity for delivering 10-300 MW power plants and 60-150 MW marine power barges for HFO and gas/dual fuel operation.

BOILER SUPPLY

We specialise in delivery of advanced biomass-fueled boilers producing 15-65 MW of electricity. We offer supply and conversion of small and medium scale boilers, and in 2018 we established a separate boiler division to adress the increasing demand within this segment.

SERVICE, OPERATION AND MAINTENANCE

BWSC provides 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 long-term O&M agreements, BWSC guarantees availability and cost levels by taking full responsibility for the operation and maintenance of the power plant, whilst striving for continual optimisation and enhancement.

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

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

MARKET DEVELOPMENT

The way electricity is being generated is changing rapidly, and in particular changes within the renewable energy industry are happening fast. The development has been prompted by global efforts to mitigate climate change along with significant reductions in the cost of renewable power generation. Impacts of global development on the environment and the COP24 "rulebook" to govern the Paris agreement on greenhouse gas accountability, along with the 17 SDGs adopted by the UN, have affected the power generation industry with increased focus on emissions and the need for "affordable and clean energy for all".

BWSC embraces and supports this development by maximising the environmental and economic performance of all our power plants and emphasising the importance of sustainable innovation and total plant efficiency to our customers. We refer to the corporate social responsibility section of this report for further information on BWSC's role in society and how our activities support the SDGs.

MARKET-SHIFT TOWARDS RENEWABLE AND FLEXIBLE TECHNOLOGIES

Renewable technologies

Opportunities in the biomass-to-energy market are growing worldwide. In the UK, the Renewable Obligation Certificate (ROC) scheme was replaced in 2017 with the Contract for Difference scheme, meaning that advanced conversion technology (ACT) projects and combined heat and power (CHP) projects are now economically viable. The shift in the UK incentive schemes thus moves the market towards waste feedstocks based on ACT and mass burn incineration with gate fees as the primary revenue stream.

For biomass-to-energy, markets in the UK, Belgium, France and Poland are most lucrative, driven by regulatory incentives and escalating demand for renewable energy sources. Japan has also implemented an incentive scheme making biomass projects economically attractive. Furthermore, India has huge volumes of biomass that needs to be removed in an environmental friendly way, increasing the demand for biomass power plants in the country.

The move away from coal is leading to another emerging trend: the conversion of coal-to-biomass. In the European and North American markets where this conversion has mostly occurred, wood pellets are being more extensively used. Coal-to-biomass conversion in the coming years is predicted to be more pronounced in countries such as Japan, South Korea, Canada and Australia. In Japan, where utilities have taken up biomass firing to substitute for nuclear power, palm kernel shell is mostly being used.

Flexible technologies

Climate change concerns have impacted on the engine-based market, which is undergoing a fundamental change. There are fewer traditional baseload plants being built and more peaking applications supporting the rapid growth of intermittent renewables like solar and wind. Engine-based technology, using either liquid or gaseous fuels, enables a highly efficient, low CO_2 emitting power supply with very quick response time. It is currently the most feasible and environmentally friendly solution for balancing wind and solar power to ensure a stable power supply. Attractive markets for these flexible technologies include developing countries in e.g. Africa, where BWSC has a strong foothold, and island communities where conditions do not always support reliable energy supply solely through renewable technologies.

STRATEGIC DIRECTION – FOCUS ON COMPETITIVENESS

As a result of increased investments in renewable energy sources, BWSC is actively pursuing markets within biomass-to-energy and waste-to-energy.

Based on our October 2018 win of the Hooton Bio-Power contract, which is our first waste-to-energy project, we will continue in 2019 to focus on the UK market potential for ACT projects.

The rising awareness of biomass as a suitable low-carbon and sustainable alternative to fossil fuels such as coal is the key driver of the global biomass-to-energy market. We will explore key markets for boiler lots as well as coal-to-biomass conversion, including lucrative markets in Europe and East Asia. We also seek to utilise our strong reference base as EPC contractor and O&M provider of biomass plants, and we see the combination as EPC contractor, boiler supplier and O&M provider as a highly competitive package for investors whereby the technical risk of the project is reduced significantly.

In July 2018, we opened a subsidiary in Japan in order to execute an already obtained order on operation and maintenance of a biomass power plant and to feed into the increasing renewables market in Japan. In the years ahead, the subsidiary will thus develop, construct and service renewable energy power plants in the region. BWSC Japan will cooperate closely with its sister companies within the Mitsui E&S Holdings Co., Ltd. (Mitsui E&S).

BWSC seeks to build on its experience, expertise and strong foothold within engine-based power plants in developing countries and at remote locations. BWSC will, where engine-based technology is the only option, encourage partners to consider gas-conversion and/or hybrid solutions involving a mix of conventional fuels and renewables, such as wind or solar. In this way, they reduce operating costs, while at the same time securing environmental benefits.

BWSC will strengthen its competitiveness with an enhanced focus on optimising solutions to target selected attractive markets. BWSC will continue to strengthen its collaboration with suppliers and sub-contractors to ensure a flexible supply chain, which is key to ensuring competitive solutions.

Competition remains high in all markets, so further progress on the cost-out journey will have to continue in the coming years. Focus will continue to be on securing smooth implementation of our projects, enhancing our competitiveness positively and thereby differentiating us from our competitors. Competitiveness also includes efficient operation of the 15 power plants where BWSC provides O&M services. Hence, a focus area is the continuous optimisation of these plants to secure high availability for the benefit of plant owners.

CUSTOMER BASE

BWSC's customer base is mainly composed of regional utility companies worldwide, and over the last couple of years, private companies and investment funds have entered the market to a larger extent. Our customer's energy services contribute to much of what we all expect in a well-functioning society, and our power plants and maintenance services provide the basis of what most of us rely on every day.

We see our customers as our partners and constantly work together with our global network to understand their challenges and help them succeed in their business and turn productivity to prosperity. To better understand our customers, we analyse the segments they operate in to find the best solutions, to meet their needs and to be flexible for market changes.

Create value for our customers

From interviews with customers, through discussions and our customer satisfaction surveys, we know that increasing our customers' productivity, ensuring power plants run optimally and improving fuel efficiency are key areas where we can create value for our customers. By delivering customer value and doing so efficiently, we deliver value for ourselves and our owners.

Workers discuss the day's tasks at Brigg Renewable Energy Plant in the UK. Worker safety is a top priority wherever BWSC operates and maintains power plants.

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 depends on competent employees with a high level of expertise and commitment.

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

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 customers.

To maintain and develop the skills and competences of our employees and to stay at the forefront of technological developments, BWSC places great emphasis on education and training of employees.

We refer to the corporate social responsibility section of this report for further information on initiatives taken to develop employees and leaders, as well as status and new initiatives in regard to quality management and occupational health and safety.

HISTORY

Burmeister & Wain contractor, which later became BWSC, was established in 1977 as part of the large Danish Burmeister & Wain Group (B&W) which was a large Danish shipyard and a leading producer of diesel engines and steam boilers with its earliest roots dating back to 1843.

In 1980, the division became an independent company, and in 1990, it was acquired by Mitsui E&S in Japan, with Mesco Denmark A/S as the direct owner. Mitsui E&S was established in 1917. Today it is one of Japan's leading heavy industry companies employing approximately 13,000 people.

In 2017, BWSC acquired Burmeister & Wain Energy's (BWE) biomass activities and other activities, including more than 80 former BWE employees. BWE is also historically rooted in B&W. The acquisition secured BWSC's position as a leading provider of technologically advanced boiler systems.

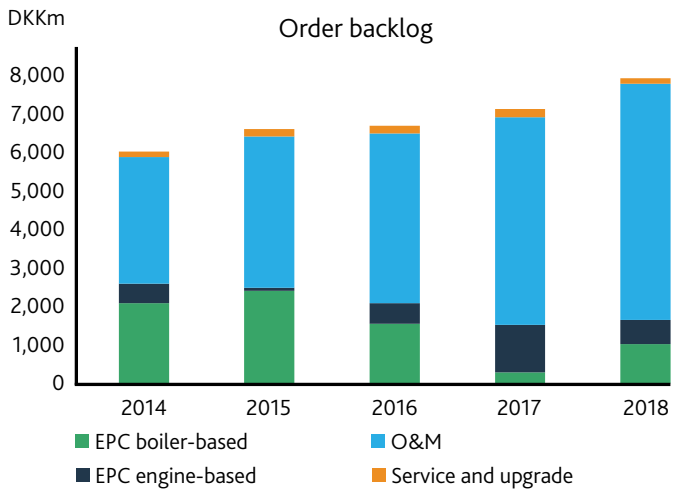
Ichihara construction site, January 2019
Mitsui E&S as EPC contractor and co-investor, BWSC as advisor and O&M contractor

FINANCIAL REVIEW

The net result for the year is a loss of DKKm 160 compared to a loss of DKKm 24 in 2017. The result is not considered satisfactory. The loss is primarily caused by challenging projects including cost overruns on some of our projects, delayed orders and losses and impairments from investments.

ORDER INTAKE AND BACKLOG

The order intake for 2018 amounted to DKKm 2,955 compared to DKKm 3,769 in 2017. The order intake relates to EPC projects with DKKm 1,578 (2017: DKKm 1,653) and operation, maintenance and service projects with DKKm 1,377 (2017: DKKm 2,116). The order backlog amounts to DKKm 7,917 (2017: DKKm 7,120). The order backlog is specified as follows.



EPC projects, that ensures revenue over the construction period – typically around 2-3 years per project, have been below expectations in 2018, whereas services and O&M projects, of which Q&M ensure revenue over the lifetime of the contract (up to 20 years), have been above expectations.

REVENUE

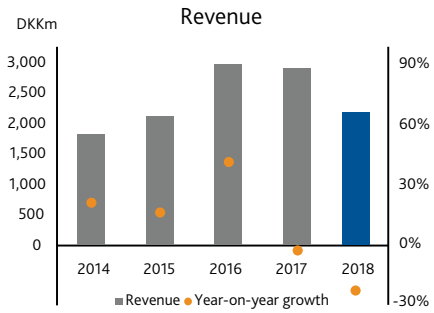
Revenue in 2018 amounted to DKKm 2,158 compared to DKKm 2,882 in 2017. The decrease is due to delayed and lacking orders, especially EPC orders. 67% of revenue relates to the EPC activities (2017: 77%).

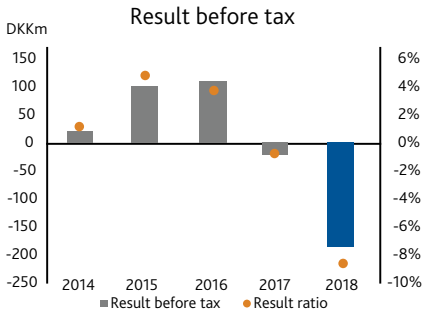
EBIT

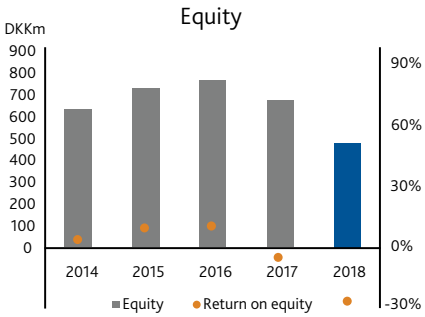
The financial performance has been below expectations, which has resulted in a loss before interest and tax (EBIT) for 2018 of DKKm 85 compared to a loss of DKKm 2 in 2017. The unsatisfactory development in EBIT is mainly the result of technical and commercial matters related to a few challenging projects in particular.

UNCERTAINTIES

In 2014, two engine-based projects in the Middle East were suspended due to the client not paying the milestone payments 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/work in progress over the years. At the end of 2016, the taking-over-certificates (TOC) were signed by the customer. Since 2017, focus has been on reaching an agreement on the claims with the client's representatives. Since it has not been possible to reach an agreement, we decided in 2018 to file for arbitration through ICC, France. A material part of the amount we are claiming has not been recognised as income due to the claim negotiations not being finalised. The outcome of the claim settlement is uncertain, and it is considered likely that it could have a material positive impact on result before tax when the claims have been settled.







FINANCIAL INCOME AND EXPENSES

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. With the Kent power plant entering into operation in September 2018, all of these are now in operation. Key elements for the financial performance of the plants are the sales price for the power produced and fuel prices. In 2018, power prices in the UK were below expectations, which had a negative impact on profit from investments in and impairments of associated companies compared to expectations. Result from investments in associated companies amounts to DKKm -83 (2017: DKKm -23). The result from investments in associated companies, includes impairment losses of DKKm 87.

RESULT BEFORE TAX

Result before tax for 2018 amounts to DKKm -186, which is a decrease compared to 2017 of DKKm 164. DKKm -85 relates to the operating result and DKKm -101 relates to financial items and impairment losses.

TAX

Tax for the year is an income of DKKm 26 compared to an expense in 2017 of DKKm 1. The tax income is a net amount of payable and deferred taxes, etc. The tax payable for the year is an expense of DKKm 18 (2017: DKKm 19).

NET RESULT

The net result for the year is a loss of DKKm 160 compared to a loss of DKKm 24 in 2017. The loss is proposed carried forward to next year and consequently offset in the retained earnings under equity.

INVESTMENTS

In 2016 and 2017, BWSC has invested significant amounts in the Kent power plant that has also been 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. The Kent project is the last of a number of projects in the UK under the ROC scheme for BWSC. As mentioned above under financial income and expenses our investments in associated companies have been impaired by DKKm 87.

WORKING CAPITAL

At year end 2018 net working capital amounted to DKKm -278, an improvement of DKKm 247 compared to 2017. The improvement and the negative net working capital is reflecting increased and larger net prepayment from customers. Despite this, reducing working capital bindings will continue to be a focus going forward.

CASH FLOW

Cash flows from operating activities amounts to DKKm 114, which is a decrease of DKKm 107 compared to last year. The decrease is mainly caused by the decrease in net result. Cash flows from investing activities amounts to DKKm 3 versus DKKm -31 last year. Cash flows from investing activities comprise dividends received less investments in associated companies. Cash flow from financing activities amounts to DKKm 47 compared to DKKm -46 last year. In 2018 cash flow from financing activities is due to bank loans and last year the cash flow was mainly related to dividend payments.

EQUITY

Equity amounts to DKKm 488 (2017: DKKm 678), and the equity ratio equals 25% (2017: 35%). The equity ratio has decreased mainly due to the increased pre-payments received from customers and a reduction in equity of DKKm 190 mainly caused by the loss for the year. It is expected that the equity ratio will improve during 2019.

The total eliminated profit on power plants built by BWSC due to BWSC's ownership share amounts to DKKm 108 (2017: DKKm 110). 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 2018 is included in the notes to the financial statements.

2019 OUTLOOK

2019 is expected to be a year of transition for BWSC. Certain initiatives will be implemented regarding market focus, competitiveness and optimisation. We expect to see an effect from these initiatives on our profitability on a medium to long-term basis. Implementation of the initiatives are primarily planned to take place during 2019 and 2020. For 2019 we expect order intake at the same level as for 2018, an improved operating result, and a positive result before tax.

Forward looking statements like the 2019 outlook are uncertain and depend on a number of factors. Furthermore, BWSC disclaims any liability to update or adjust statements in the Annual Report 2018 about future or possible reasons for differences between actual and anticipated results except where required by law.

RISK MANAGEMENT

BWSC has procedures in place to mitigate identified significant risks, where possible. Risks comprise risks related to our operational activities, financial risks, etc.

OPERATIONAL RISKS

General

Our business includes large turnkey construction projects and service, operation and maintenance projects in a number of jurisdictions and related contracts with sub-suppliers and consortium partners, which exposes BWSC to a number of risks.

Each project is carefully evaluated in the sales, planning and execution phases. BWSC continuously assesses risks, including possible consequences and mitigating actions. Below some of the significant risks BWSC is exposed to along with the mitigating actions are mentioned.

BWSC's responsibility is usually contained to risks within our control, i.e. construction on time, within budget, guaranteeing efficiency and availability of the plant. The plant owner is usually responsible for fundamental supply issues relating to, e.g. fuel supply.

BWSC's activities consist of a portfolio of boiler-based projects and engine-based projects in different countries. The projects are based on different technologies, and furthermore, the main suppliers may vary from project to project.

The power plant industry is cyclical, by nature dependent on the development in the power sector, subsidy schemes, investment climate, etc. However, our service, operation and maintenance business is less cyclical. Power plants require service, operation and maintenance contracts which are typically long-term.

At the end of 2018, BWSC has invested in ten power plants in five countries, hereof six boiler-based plants and four engine-based plants. The primary location for the plants is the UK. The other plant investments are in Kenya, Panama, Sri Lanka, and Mali. Investments in different technologies and countries are key elements in managing the investment risk.

The main risk is currently related to two boiler-based power plants under construction in the UK and two engine-based power plants under construction in Bermuda and Benin. One of the boiler-based plants in the UK is expected to achieve TOC during 2019, whereas the other is expected to achieve TOC in 2022. 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.

Projects

Management reviews all EPC, O&M and other projects on a quarterly basis, to manage operational as well as financial risks associated to the projects. A large part of BWSC's business consists of being responsible for 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 the 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 and other tenders must be reviewed and approved in line with internal guidelines. As part of the initial screening of a project, a Know Your Customer analysis is undertaken as well as a review of all major stake-holders involved.

Before signing contracts or investing in 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. Large investments furthermore need to be approved by Mitsui E&S. 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.

Safety

Personal safety is a basic expectation and 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 financial performance. Occupational health and safety systems, travel safety instructions and QHSE management guidelines are aimed at protecting employees, suppliers and contractors. Information about mitigations etc. is described in the corporate social responsibility section.

Procurement

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 basis to minimise risk.

Human resources

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 related KPIs is in focus. Further information on risks and mitigations measures can be found in the corporate social responsibility section.

Market

The UK ROC support scheme has now been replaced with the Contract for Difference 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 Brexit and this may also influence on BWSC in relation to currency etc. 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 has a partly flexible cost structure with a growing O&M order backlog, which means that BWSC partly is able to adjust the business to mitigate the effect of new market trends.

FINANCIAL RISKS

Currency risk

As BWSC operates internationally, the income statement, the balance sheet and cash flows are subject to the risk of currency fluctuations, mainly in relation to transactions and exposures in GBP and USD. Part of the risk is mitigated through natural hedges within activities where BWSC has both income and expenses in the same currency. However, the risk is not fully covered by natural hedges, and consequently BWSC hedges certain future cash flows against DKK.

Credit risk

Our credit risk is primarily related to trade receivables from state-owned as well as privately owned corporations. Where feasible, we seek to mitigate credit risk by structuring of payment terms and in some instances applying instruments such as letters of credit or bank guarantees.

Counterparty risk

Counterparty risks relate to credit risk on financial institutions when dealing with them, either by placing deposits, entering into derivative financial instrument transactions, or otherwise. In order to reduce the risk, BWSC in all material aspects only deals with financial counterparties that management believes have a satisfactory credit rating from a recognised international credit rating agency.

Investment risk

Investments in different technologies and countries are key elements in managing investment risks. Among the risk factors are currency risks, risks associated with the sale of electricity and fuel costs. 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.

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.

Liquidity and financing risk

BWSC must maintain sufficient liquidity to fund daily operations, debt service, and initiate new projects. Our access to liquidity consists of cash and cash equivalents, including access to committed credit facilities. Furthermore, BWSC must maintain sufficient guarantee lines to facilitate entering into new contracts and projects. Our access to guarantee lines consists of guarantee lines with a number of recognised financial institutions. Some of the financing arrangements are subject to financial covenants, and if violated, this could limit the ability to finance the company's operations and capital needs for our business activities.

Tax risk

BWSC's business is carried out through the Danish parent company as well as through a number of entities abroad. The structure implies that a number of different direct and indirect taxes apply on a global basis. The complexity of our business and the business structure requires dedicated focus on tax management, respecting international tax principles and local tax law while managing the tax cost and tax risk of BWSC. It is our goal at all times to comply with the tax legislation in the countries in which we operate, in accordance with OECD standards. We seek to mitigate tax risks by clarifying uncertainties by involving external advisors and by taking a justifiable position in accordance with international tax principles.

2018 HIGHLIGHTS

DANISH SUPPLY CHAIN AWARD, JUNE
In **June**, BWSC was announced as winner of the Danish Supply Chain Award honouring world-class innovation and development initiatives. The award is a recognition of the organisational steps taken over the last years to move from conventional "building projects" to "industrialisation" of processes – with clear indication that workflows are streamlined, effectively integrated in the company and lessons-learned used to implement further improvements. We are very proud to receive this award and would like to thank all involved for making this possible.

FRAMEWORK AGREEMENT, JULY
A strategic gain for BWSC was the **July** win of a long-term framework agreement for blacksmith boiler work at Denmark's largest waste-to-energy facility, Vestforbrænding, Denmark. During busy periods, the agreement will require staffing of up to 30 specialised personnel.

NORTH POWER AWARD, JUNE
In **June**, BWSC in consortium with MAN Energy Solutions, was awarded a contract to build a 56 MW power plant in Bermuda. BELCO is one of BWSC's longstanding customers with the first contract dating back to 1982. This new plant together with the power plants delivered by BWSC in 2000 and in 2005 will constitute the foundation for the future power supply for Bermuda's 60,000+ inhabitants. The project is financed by loans from HSBC's Bermuda branch, with export credit guarantee from EKF, a strong partner in the competition to obtain international contracts such as this.

3D visualisation

MARIA GLÉTA OPERATION AND MAINTENANCE, SEPTEMBER
Work is well underway at the Maria Gléta site, where BWSC, in consortium with MAN Energy Solutions, is the turnkey contractor for the 120 MW power plant. In **September**, BWSC also secured the five-year operation and maintenance contract for the power plant in Benin. The contract calls for 55 local employees and two BWSC specialists to be on site for the entire period.

KAYES INAUGURATION, OCTOBER
In **October**, the 90 MW Kayes Power Plant in Mali was handed over to the client ahead of schedule and with more than one million working hours on site without any lost time incidents. BWSC has constructed and invested in this highly modern plant, which is also Mali's largest and most efficient thermal power plant. The facility adds up to 90 MW to the national grid, enough power to meet the electricity needs of the equivalent of up to 780,000 households. In addition to construction of the power plant, BWSC will operate and maintain the plant for at least 13 years.

KENT TOC, SEPTEMBER
In **September**, the Kent Renewable Energy plant in the UK was handed over to the client ahead of schedule and with more than one million working hours on site without any lost time injuries – which is an extraordinary achievement. The project is the third project BWSC is investing in together with Copenhagen Infrastructure Partners (CIP) and the eighth biomass power plant project in the UK within the last five years emphasising our strong position in the market.

CRAMLINGTON TOC, MARCH
The Cramlington Renewable Energy Developments in north-east England, was handed over to the customer in **March**. The plant provides power to some 52,000 households and power and heat to nearby pharma-ceutical companies. Over the next 12 years, BWSC will provide operation and maintenance.

3D visualisation

AWARD HOOTON, OCTOBER
In **October**, BWSC was awarded a turnkey and 15 year operation and maintenance contract for the largest waste-to-energy facility in the UK. The Hooton facility will gasify some 240,000 tonnes of waste per year, generating in excess of 200 GWh of electricity annually – enough to power about 50,000 homes. It is the first time the UK market will realise a gasification plant of this size, based on fluidised bed technology provided by Japanese Kobelco Eco Solution. Around 350 jobs will be associated with the construction stage at its peak, and the ongoing operation of the facility will generate up to 30 permanent positions. The facility is expected to be operational in the second half of 2021.

BOILER SERVICE:
Throughout 2017 and 2018, we have seen an increasing demand for boiler service work in Denmark and Sweden resulting in five boiler service projects in Denmark and three in Sweden.

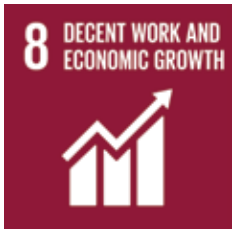
Game changers. As part of our presence at the Rabai Power Plant in Kenya, BWSC donated football kits to the local youth team.

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

OUR ROLE IN SOCIETY

Since our foundation, our aspiration has been to supply energy solutions that create value for all stakeholders. Today, our reference for determining the value we create is also defined within the United Nations' SDGs. As a company developing, constructing, operating and investing in power plants, we have increased focus on clean energy and see ourselves contributing to several of the SDGs:

AFFORDABLE AND CLEAN ENERGY (SDG 7) Our mission is to facilitate affordable and clean energy by ensuring the best possible balance between low environmental impact and low cost of ownership for power plant owners. **Examples of our activities:** In 2018 alone we contributed to affordable, reliable and modern energy for more than one million African households. Of major significance is Kayes Power plant in Mali, which started commercial operation in October 2018 and adds 25% to Mali's current electricity supply and creates enough electricity for approximately 780,000 households.



DECENT WORK AND ECONOMIC GROWTH (SDG 8) We contribute to economic growth through the industrial possibilities that follow from improved access to electricity, and by providing local job opportunities and decent working conditions while constructing, operating and maintaining our power plants. **Example of our activities:** Construction of the 120 MW power plant at the Maria Gléta site in Benin has created about 300 local jobs and about 50 permanent jobs are created in connection with operation and maintenance of the plant. The project and the resulting improved infrastructure is expected to have a positive impact on employment, growth and development in Benin.

RESPONSIBLE CONSUMPTION AND PRODUCTION (SDG 12) To strengthen our climate efforts and contribute to responsible consumption and production of energy, we strive to continuously develop innovative products and processes, together with our partners, to improve the sustainability of our power plants. **Example of our activities:** In 2018 we won our first major contract to deliver the UK's largest waste-to-energy gasification plant - Hooton Bio Power Resource Recovery Centre. The Hooton facility will gasify some 240,000 tons of waste per year, generating in excess of 200 GWh of electricity annually. This major project requires the use of new and innovative technologies and will address challenges regarding air, water and soil pollution.

CLIMATE ACTION (SDG 13) Through activities to lower internal energy consumption and reduce emissions from operations, we play an active role in taking action to combat climate change and its impacts. Fuel efficiency is a key parameter for all BWSC built power plants and renewable fuel is in focus in our product development and within our strategic direction.

PARTNERSHIPS FOR THE GOALS (SDG 17) In close partnership with governments, civil society and private companies we built and invest in energy infrastructure. 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. **Example of our activities:** Together with local and regional partners we helped deliver the first IPP project in Mali. This power plant project is the first post-conflict infrastructure project in Mali and will enable future IPPs to rely on this groundwork, resulting in increased efficiency and more power being added to the grid.

BASIS OF REPORTING

The BWSC CSR statement, which can be found on bwsc.com, is the basis for our CSR work together with other policies, guidelines and 'tone at the top'. All employees must comply with the statement and the principles of the statement are incorporated into BWSC business processes.

The BWSC CSR statement takes into account the details of the UK Modern Slavery Act. We have reported separately on initiatives taken to combat offences related to slavery, servitude and forced compulsory labor and the statement can be found on bwsc.com.

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 climate and environment, human and labor rights and business integrity (anti-corruption and bribery).

2018 has been a positive year for BWSC in terms of expanding our CSR efforts. In addition to maintaining a high focus on safety and developing the data foundation for reporting on our carbon footprint we have achieved our goals for reducing our own resource consumption. We are committed to further improving our performance on all levels and various steps and goals have been set to attain this.

In our publication "Sustainability and CSR", we give a detailed account of our results, objectives and compliance procedures for each of the sections below.

ENVIRONMENT AND CLIMATE

BWSC is committed to and internationally recognised for providing leading technology and highly efficient products, helping our customers to produce more using less. All BWSC built power plants, regardless of fuel type and technology, will always operate in accordance with national and international environmental legislation and standards, including the CO_2 emissions standards of the International Finance Corporation (IFC) Environmental guidelines for thermal power plants.

BWSC has two power plant applications fueled by either biomass/waste (boiler-based) or diesel/gas (engine-based). While boiler-based applications are generally considered CO_2 neutral, the engine-based power plants impact on the climate via CO_2 emissions.

Boiler-based applications

BWSC biomass fueled applications are in general accepted as CO_2 neutral due to the fact that biomass, if not combusted, would release the same amount of CO_2 through natural decomposition. Furthermore, since consumed biomass can be replaced by planting new trees or crops, biomass fueled power generation is considered a renewable energy source. The boiler-based power plants delivered by BWSC are based on straw, wood or waste, and BWSC focuses on maximising the use of the biomass resources which in turn improves the financial performance of the plant for the owners.

Engine-based applications

Despite the increasing interest for renewable technologies, the economic advantage of engine-based technology still makes this solution attractive in some situations, and in some instances, this is the only viable option. This is especially true for developing countries and island communities where natural conditions do not always support reliable energy supply through only renewable technologies. In addition, engine technology, using either liquid or gaseous fuels, is currently the most feasible and environmentally friendly solution for balancing wind and solar power to ensure a stable power supply, since engine technology provides a highly efficient, low CO_2 emitting power supply with quick response times.

Importantly, our plants will always be more efficient than the existing, older power plants or assemblies of smaller generators.

In Mali and other countries in West Africa, power is often supplied by a patchwork of inefficient generators. That's why it makes sense to plan power production, so economies of scale take effect, reducing fuel use and CO_2 emissions.

The high-efficiency engines at Kayes Power Plant, for example, produce some 580 GWhe per year. If the locals had to rely on individual generators for the same power, it would pump up to 75,000 tonnes of extra CO_2 emissions into the atmosphere annually.

That's big savings. And a big improvement for Malians quality of life.

Risks and risk management - environment and climate

While we acknowledge that we have limited influence on the project specification set by the customer, we always advise our customers to select the best power generation technology for the fuel chosen to balance environmental and economic benefits. Where engine-based technology is the only option, BWSC encourages our partners to consider gas-conversion if possible, and/or hybrid solutions involving a mix of conventional fuels and renewables, such as wind or solar, thus reducing the cost of operation with environmental benefit.

Reporting on our CO_2 footprint

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

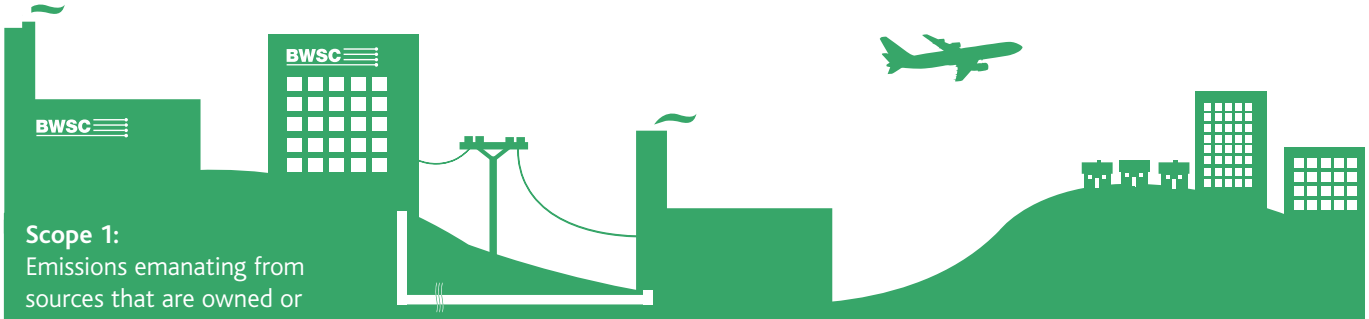
BWSC has reported on its CO_2 footprint since 2016. In 2017 and 2018 we have collected scope 3 CO_2 data emanating from business related aircraft travel as well as external transportation of BWSC goods. In 2016 scope 3 CO_2 was gathered only for business related aircraft travel. Only CO_2 is considered and not any other gas with greenhouse warming risk.

Looking at figures for the BWSC Group, the total footprint in 2018 was 4,814 tonnes CO_2 or 2.2 t/DKKm revenue, against 9,726 tonnes in 2017 or 3.4 t/DKKm revenue.

The deviation in figures from 2017 to 2018 primarily reflects a reduction in activities related to the number of construction sites in their final stages of completion in 2018 compared to 2017. In 2018 we completed the construction of two power plants, compared to six power plants in 2017 and this is reflected in the CO_2 emissions data. Projects in their final stages often account for larger fuel consumption than in the initial phases due to e.g. commissioning tests and especially steam blow-downs of boilers.

At BWSC headquarters we surpassed our 2018 goal by reducing energy consumption per employee by 8% (2018 goal: 5%) and we are committed 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. We refer to our "Sustainability and CSR" publication for further information on BWSC environmental achievements and targets.

TOTAL CO_2 EMISSIONS EMANATING FROM SELECTED ACTIVITIES IN THE 2016-2018 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.

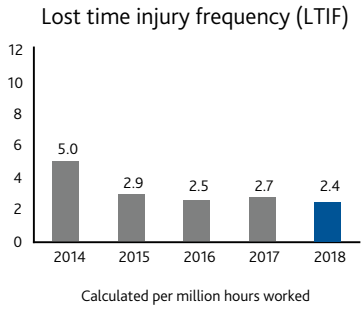
2018	Scope 1+2	Scope 3	Total
CO_2 (ton)	3,150 t CO_2	1,664 t CO_2	4,814 t CO_2
CO_2 in relation to revenue	1.4 t/DKKm	0.8 t/DKKm	2.2 t/DKKm
2017			
CO_2 (ton)	6,142 t CO_2	3,584 t CO_2	9,726 t CO_2
CO_2 in relation to revenue	2.1 t/DKKm	1.2 t/DKKm	3.4 t/DKKm
2016			
CO_2 (ton)	4,606 t CO_2	2,030 t CO_2 [1]	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 2018 is commented upon in the text above.

[1] Scope 3 data from 2016 include CO_2 emissions emanating from supplier transportation of goods.

HUMAN AND LABOUR RIGHTS

BWSC conforms to human and labour rights principles by complying with UN Global Compact principles and has procedures in place to ensure compliance with our CSR statement. Based on assessment of the business BWSC operates in and the risks associated herewith focus is on health and safety and gender equality.



Health and safety

Delivering high quality products in a safe and healthy environment is at the core of our business. All our power plants are built to recognised international standards and norms, and we continuously strive to improve and streamline its processes and products together with our partners. At BWSC we require a safe working environment for each of our employees and will implement precautionary measures to help protect employees from work-related hazards.

2018 has been another good year for BWSC in terms of safety highlighted by the LTIF dropping to 2.4 and is thus well below the target of 2.9 for 2018. A number of initiatives have been introduced over the years to further improve health and safety performance at BWSC and new targets are set for 2019. Some of these include:

HEALTH AND SAFETY OBJECTIVES	PERFORMANCE INDICATOR 2018	STATUS	PERFORMANCE INDICATOR 2019
To promote awareness of health and safety on construction sites	Collect 30 near-miss reports per million hours worked	Achieved	Collect 50 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 2018
To ensure a high standard of occupational health and safety at BWSC work places	LTIF is 2.9 or below	Achieved	LTIF target is 2.5 or below

Unfortunately, there was one fatal accident in 2018 when a truck driver was stuck and fatally injured while working underneath his truck on a BWSC operated storage area. This incident underscores the need for all BWSC contractors, suppliers and employees to adhere to effective health and safety standards at all times. Any incident is one incident too many.

Diversity and non-discrimination

Equal opportunity for all employees is important to BWSC, and accordingly, we do not differentiate on the basis of gender, nationality, age, sexuality, religion, culture, etc. when people are employed or promoted.

BWSC has a diverse employee group consisting of e.g. 25 nationalities from different cultures. Based on assessment of the business BWSC operates in and the risks associated herewith focus is on ensuring gender equality.

Gender equality

Out of the total number of employees, approximately 15% are women (2017:15%) and 10% of the managers are women (2017: 6%). The overall number is the same as in 2017 and it is considered reasonable when comparing to the gender composition in the contracting industry in general. Women in management have increased, and the ratio will continue to be in focus over the coming years. The future share of women in management should be above the current level.

Today, the Board of Directors consists of one woman elected by the employees, but no women elected by the general assembly. A target has been set stating that one member of the Board of Directors of BWSC elected by the general assembly must be a woman by 2021.

Risks and risk management - human and labour rights

Health and safety

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.

Over the years, BWSC has improved its quality management and QHSE systems and is now certified within ISO 9001:2015 certification for Quality Management, OHSAS 18001:2007 Occupational Health and Safety Management System standard and ISO 14001:2015 standard certification for Environmental Management. Several of our UK O&M sites have also achieved certifications and our goal is to continue to expand.

In 2018 the ISO 14001:2015 and ISO 9001:2015 standard certifications were expanded to include the Brigg O&M site. The OHSAS 18001:2007 standard will soon be replaced by the new ISO 45001 standard and the goal for 2019 will be to commence preparations to facilitate this change. Further risks and mitigation measures are found in the risk management section.

Gender equality
Due to 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. Gender distribution, however, is a key focus area for BWSC and a yearly review of the composition is made and recruiting practices take the results into account.

In terms of ensuring that one member of the Board of Directors of BWSC elected by the general assembly is a woman by 2021, we will be searching for women with competencies within the contracting industry.

BUSINESS INTEGRITY (BRIBERY AND ANTI-CORRUPTION)

With regard to the business integrity and governance standards, BWSC's values are defined in our Business code of conduct and CSR Statement, which takes into account, among other things, actions required to avoid engaging in illegal behavior or using political contributions to obtain favorable 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.

Targets for 2019 have been set to maintain and further improve our governance performance in 2019. Primary targets are as follows:

GOVERNANCE OBJECTIVES	PERFORMANCE INDICATOR 2018	STATUS	PERFORMANCE INDICATOR 2019
To promote awareness of BWSC values	100% attendance at BWSC intro seminar for new employees	Achieved	Same as 2018
	100% staff completion of online anti-corruption training course	Partly achieved [1]	
To follow up on any misconduct within the organisation	Full disciplinary actions based on e.g. reporting via the whistleblower line (grievance mechanism)	Achieved	Same as 2018
To ensure business associates'[2] compliance with BWSC code of conduct	Review all business associates using Know Your Customer tool	Achieved	Same as 2018
	Contractual commit 95% of all major suppliers to follow the UN Global Compact Statement principles 1-6	Achieved	Same as 2018

[1] The BWSC online anti-corruption training course was introduced in April 2018 and the majority of employees have completed the course. In 2019 focus will be on ensuring 100% completion for all new employees.

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

For further information on BWSC procedures implemented to ensure compliance with BWSC anti-corruption and bribery procedures we refer to our publication "Sustainability and CSR".

Risks and risk management - business integrity

While Denmark is perceived as the least corrupt country in the world on the corruption perceptions index, BWSC operates in parts of the world with lower business integrity levels, where corruption and bribery occur. BWSC does not tolerate unlawful behavior and a whistleblower system and other procedures are in place to follow up on misconduct within the organisation. In 2018, there were two whistleblower reportings regarding business behavior. Following an internal inquiry, one was investigated further and full disciplinary actions were taken, resulting in the summary dismissal of five employees in February 2019, for breach of the BWSC code of conduct.

SOCIAL AND STAFF MATTERS

To maintain and develop the skills and competences of our employees and to stay at the forefront of technological developments, BWSC places great emphasis on education and training of employees.

Training activity at the head office

BWSC Academy provides training within a wide range of subjects, including project management (PM).

In 2018 we have had approximately 50 attendants at the Academy's PM courses. In total, approximately 250 BWSC employees, corresponding to approximately 50%, completed one or more classroom training sessions arranged by BWSC Academy in 2018.

We firmly believe that creating one BWSC requires relations across the business, and we also emphasise creating a learning environment where our employees meet face-to-face. This is also one of the reasons why BWSC encourages and supports internal job rotations to promote knowledge sharing and a broad knowledge of BWSC's various business areas.

Building relations across the business is also a key element of BWSC's Two Year Training Program (2YTP) that was launched for the third time in 2017. The 2YTP is a programme designed to nurture the talent of a cross functional group of employees.

Over the past year, we have intensified the training of our managers and introduced an internal leadership forum, as we consider this as an effective way to invest in our employees and our business. Half of our managers have been through management training during 2017/2018 and the initiative will continue during 2019.

Training activity at the production facilities

Considering BWSC from a group perspective this includes e.g. 15 power plants in operation. At these power plants a major part of the training is carried out as "on the job training" allowing our employees the specific skills needed for the part of the production facilities in question. Mandatory training within safety etc. is carried out on an ongoing basis as required .

Risks and risk management - social and staff matters

BWSC is carrying through a strategy review with the purpose of focusing and optimising the business. Consequently the company is undergoing a number of changes, including organisational changes, which may cause some uncertainty among employees. To create a basis for dialogue and promote commitment and engagement among employees, BWSC has invited all employees to participate in a workplace assessment conducted as department meetings during Q1 2019. In the meetings, initiatives will be agreed upon to further improve employee satisfaction.

In regard to employee satisfaction, the personnel forum and the many social activities arranged through the BWSC staff club play a major role. Further risks and mitigation measures are found in the risk management section.

COMMUNITY ENGAGEMENT AND SOCIAL IMPACT

We believe that it is important to contribute to the wider community and to take responsibility for the impact we have on society, through our work practices, our business and our behaviour. Working together with our employees, clients, partners and stakeholders, we are able to make a positive, sustainable impact and help to engage the people around us and benefit them when possible.

We are actively involved in local communities – from providing small funds for educational, health, 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.

RABAI'S THREE PILLARS

The Rabai Power Plant (RPL), completed by BWSC in 2010, supplies power to hundreds of thousands in Kenya. But RPL delivers more than just power. Every year, the plant's Board allocates CSR funds based on 'the three pillars': water, education, health.

In 2019, RPL will distribute 2,500 copies of 'The Hiding Hyena', a booklet designed to raise young people's awareness about the spread of HIV. Based on the book's positive reception other sponsors have shown interest for its widespread distribution. To address water shortages, storage tanks were donated to eight neighbouring primary schools. School facilities have also been refurbished and seven new classrooms were built. A scholarship programme meanwhile helps promising students, so they can attend secondary school. Since its inception in 2012, some 45 students have received scholarships. RPL also added a diagnostic laboratory and a ward with a 20-bed capacity at the local health facility. The additions fast-tracked the facility for hospital status and additional resources. The positive effect was immediately felt, since in the past, locals had to travel over 20 kilometres to the nearest hospital.

Safety first. A maintenance crew takes a routine tour of Brigg Renewable Energy Plant.

CORPORATE GOVERNANCE

BWSC has a governance structure laying down how our business is led and controlled. Our CSR statement, code of conduct, policies and procedures are key elements together with our two-tier management structure with a Board of Directors and an Executive Management.

Ownership

BWSC is 100% owned by Mitsui E&S Holdings Co., Ltd., Tokyo, Japan (Mitsui E&S) through the company Mesco Denmark A/S. Mitsui E&S is listed on the Tokyo Stock Exchange. The financial statements of BWSC is consolidated into the financial statements of Mitsui E&S. Further information is available on www.mes.co.jp.

Board of Directors

BWSC's Board of Director members are 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 Mitsui E&S, 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.

The members contribute with valuable knowledge and experience in areas such as EPC, operation, maintenance and service business as well as general management and finance.

Material directorships held by the Board of Directors in other companies can be found on page 30 of this report.

The Board of Directors meets at least four times a year. BWSC's Executive Management is represented at the board meetings by the CEO and the CFO as well as other members of the Management Group. Besides the four annual meetings, the Board of Directors and the Management Group also have an annual strategy seminar to review the plans for the years to come. In 2018, four ordininary board meetings were held.

Executive Management keeps the Board of Directors informed of the company's key development and performance, through monthly and quarterly reports.

Management

The Executive Management of BWSC consists of Nikolaj Holmer Nissen, CEO and Benny Lynge Sørensen, CFO. The Management Group consists of the Executive Management as well as Claus Berner, Director, HR & Corporate Administration; Christian Grundtvig, Director, Generation Services and Director, Project Development & Investments; Jan Kristoffersen, Director, Contracting; and Martin Wittrup Hansen, Director, Boiler.

Nikolaj Holmer Nissen replaced Anders Heine Jensen as CEO with effect as of 1 November 2018 and Benny Lynge Sørensen replaced Karsten Riis Andersen as CFO with effect as of 1 October 2018. Furthermore, Martin Wittrup Hansen was appointed Director of Boiler as of 15 March 2018 and Jan Kristoffersen became Director of Contracting with effect as of 1 November 2018.

The wider management of BWSC consists of general managers, department managers, project directors and managers, site managers and other managers.

Remuneration

The members of the Board of Directors receive a fixed annual 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.

The 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.

CSR STATEMENT

The BWSC Group is active worldwide and engages with numerous stakeholders representing a variety of interests, including employees, shareholders, customers, suppliers, business partners and the communities in which we do business. We believe that establishing and maintaining standards with respect to human and labour rights, environment and anti-corruption will provide for a more sustainable business environment to the benefit of both BWSC and our stakeholders. Read the full CSR statement on bwsc.com

Compliance and behaviour
Understanding external expectations, working diligently to meet these requirements and living by the BWSC CSR statement is fundamental at BWSC.

BWSC is committed to conducting its business with a high degree of integrity and ethics, and BWSC's customers and stakeholders should 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.

BWSC has also established a whistleblower system and mandatory e-learning in anti-corruption.

As mentioned in the CSR section: in February 2019, BWSC summarily dismissed five employees for breach of our code of conduct. Due to the fact that a small group of employees have managed to circumvent BWSC's code of conduct, BWSC has initiated a review of the compliance procedures.

Audit
KPMG was re-elected as BWSC's auditors for 2018 and will be proposed as auditors for 2019 at the Annual General Assembly. The auditors have been elected based on the recommendation from the ultimate parent company. The auditors participate in the board meeting in which the Annual Report is presented and approved. At least twice a year, the auditors prepares an auditors' long-form report for the Board of Directors which gives an overview of for instance the Group audit plan and findings.

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

Financial year
2018 is the Company's 39th financial year.

On site at Rabai Power Plant in Kenya.

BOARD OF DIRECTORS

Torkil Bentzen
Chairman

Directorships: MES Germany Beteiligungs GmbH, Chairman • State of Green Consortium, Chairman • Mesco Denmark A/S • Senior Advisor to the Board of Directors of Mitsui E&S

Yuji Kozai
Deputy Chairman

General Manager of Corporate Planning Dept., CISO, Mitsui E&S
Directorships: MODEC • Mitsui E&S Machinery

Shigeru Tokumaru

Director, Executive Officer of Mitsui E&S Engineering
General Manager Energy Solutions Div.
Director of Ichihara Green Power

Michael Hedegaard Lyng

Directorships: Investeringsselskabet Luxor A/S

Iain Miller

Directorships: No other board memberships

Bjarne Moltke Hansen

Directorships: Aalborg Portland Holding A/S, Chairman • Bladt Industries A/S, Chairman • Pindstrup Mosebrug A/S, Chairman • RM Rich. Müller A/S, Vice Chairman • Rich. Müller-Fonden, Vice Chairman • LKAB • Danish SDG Investment Fund, Investment Committee • Per Aarsleff Holding A/S

EMPLOYEE-ELECTED BOARD MEMBERS

Martin F. Autzen

Directorships: No other board memberships

Lars Ellegaard

Directorships: No other board memberships

Michelle Runge Christensen

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

MANAGEMENT GROUP

Nikolaj Holmer Nissen was appointed CEO in November 2018 and joined BWSC in 2015. He has experience from industrial companies and consulting and holds a MSc in Engineering, Planning and Management/Industrial Production and a BSc in Marketing Management. He is a board member of DI Energy.

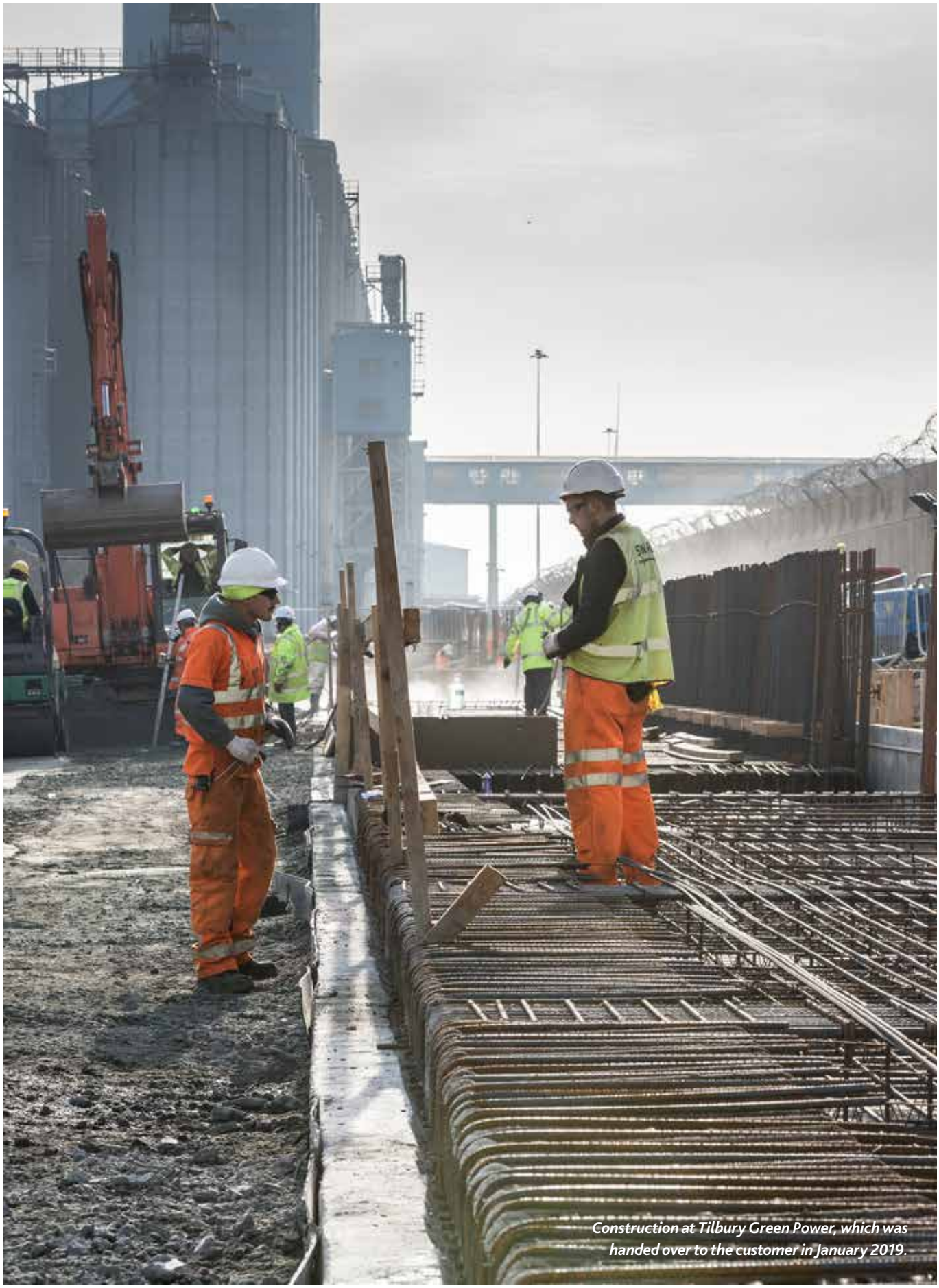
Benny Lynge Sørensen joined BWSC as CFO in October 2018. He has experience from corporate consulting and auditing and has been a partner and state autorised public accountant in two Big Four audit firms. He also holds a MSc in Business Economics and Auditing.

Christian Grundtvig joined BWSC in January 1995. In September 2001 he was appointed Director of Generation Services and in May 2012 he was also appointed Director of Project Development and Investments. He holds a BSc in Mechanical Engineering and a Diploma in Higher commerce.

Martin Wittrup Hansen joined BWSC in 2013 and was appointed Director of Boiler in March 2018. He holds a MSc in Engineering (Energy and Machinery) and an Executive MBA.

Jan Kristoffersen was appointed Director of Contracting in November 2018 after re-joining BWSC in 2017. He holds a MSc in Mechanical Engineering with diploma in Marine Engineering.

Claus Berner joined BWSC in 2007. He holds a MSc in Technological and Socio-Economic Planning and a Graduate Diploma in Business Administration and Human Resources.



Construction at Tilbury Green Power, which was handed over to the customer in January 2019.

MANAGEMENT'S STATEMENT

Today, the Executive Management and Board of Directors have discussed and adopted the Annual Report for 2018 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 2018, 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 2018.

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, 25 February 2019

Executive Management

Nikolaj Holmer Nissen
Chief Executive Officer

Benny Lynge Sørensen
Chief Financial Officer

Board of Directors

Torkil Bentzen
(Chairman)

Yuji Kozai
(Deputy Chairman)

Shigeru Tokumaru

Michael Hedegaard Lyng

Iain Miller

Bjarne Moltke Hansen

Martin F. Autzen*

Lars Ellegaard*

Michelle Runge Christensen*

The Annual Report 2018 is adopted at the Annual General Meeting on 25 February 2019.

* 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 2018 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 2018 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 2018 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 dinancial atatements. 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, 25 February 2019

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

FINANCIAL STATEMENTS

At harvest time, straw is collected from fields across eastern England, pressed into bales and delivered to Brigg Renewable Energy Plant. Weighing in at about 1,000 kg, each straw bale delivers roughly the same energy as 500 kg of coal.

INCOME STATEMENT

DKKt

Parent Company				The Group	
2017	**2018**	**Notes**		**2018**	**2017**
2,721,542	2,140,149	2.1	Revenue	2,158,059	2,881,572
-2,541,379	-2,037,365		Production costs	-2,037,524	-2,679,343
180,163	**102,784**		**Gross profit**	**120,535**	**202,229**
-57,656	-56,019		Sales costs	-56,306	-57,630
-145,467	-147,305		Administrative costs	-149,469	-146,997
-22,960	**-100,540**		**Operating result**	**-85,240**	**-2,398**
13,793	12,267	3.3	Result on investments in subsidiaries	0	0
-23,043	-83,156	3.3	Result on investments in associated companies	-83,156	-23,043
13,772	5,207		Financial income	5,269	14,194
-8,262	-22,670		Financial costs	-22,827	-11,036
-26,700	**-188,892**		**Result before tax**	**-185,954**	**-22,283**
3,077	28,487	2.4	Tax on result for the year	25,549	-1,340
-23,623	**-160,405**		**Net result for the year**	**-160,405**	**-23,623**

Distribution of net result for the year is specified in note 5.3.

BALANCE SHEET, ASSETS

DKKt

Parent Company				The Group	
2017	**2018**	**Notes**		**2018**	**2017**
23,786	17,498		Software and goodwill	17,498	24,022
16,000	10,667		Development costs	10,667	16,000
39,786	**28,165**	3.1	**Intangible assets**	**28,165**	**40,022**
69,621	68,828		Land and buildings	68,828	69,621
5,860	4,022		Fixtures and fittings, tools and equipment	16,473	16,737
75,481	**72,850**	3.2	**Tangible assets**	**85,301**	**86,358**
48,327	63,722		Investments in subsidiaries	0	0
354,945	282,448		Investment in associated companies	282,448	354,945
269,249	224,105		Other securities	224,105	269,249
672,521	**570,275**	3.3	**Financial assets**	**506,553**	**624,194**
787,788	**671,290**		**Total non-current assets**	**620,019**	**750,574**
200	200		Raw materials and consumables	636	1,708
200	**200**		**Inventories**	**636**	**1,708**
124,892	133,703		Trade receivables	148,005	148,867
554,200	516,348	4.1	Work in progress	516,348	554,200
11,847	5,418		Amounts owed by related companies	0	195
6,222	16,607		Amounts owed by associated companies	16,607	6,222
0	0		Receivable corporate taxes	1,615	1,799
0	31,719	2.4	Deferred tax assets	31,719	0
118,608	88,778	4.2	Other receivables	89,656	135,848
6,173	5,160		Prepayments	6,845	6,175
821,942	**797,733**		**Receivables**	**810,795**	**853,306**
340,685	**512,796**		**Cash**	**520,602**	**357,673**
1,162,827	**1,310,729**		**Total current assets**	**1,332,033**	**1,212,687**
1,950,615	**1,982,019**		**TOTAL ASSETS**	**1,952,052**	**1,963,261**

BALANCE SHEET, EQUITY AND LIABILITIES

DKKt

Parent Company				The Group	
2017	**2018**	**Notes**		**2018**	**2017**
150,000	150,000		Share capital	150,000	150,000
126,174	150,421		Revaluation reserve acc. to the equity method	98,531	78,037
34,439	10,305		Reserve for financial instruments	10,305	34,439
12,480	8,320		Reserve for development costs	8,320	12,480
354,600	168,456		Retained earnings	220,346	402,737
677,693	**487,502**		**Total equity**	**487,502**	**677,693**
14,994	0	2.4	Deferred tax	922	15,815
72,960	75,879		Warranty provisions	75,879	72,960
118,770	100,939	6.1	Other provisions	101,075	122,442
206,724	**176,818**		**Total provisions**	**177,876**	**211,217**
15,600	12,409	5.4	Mortgage debt	12,409	15,600
5,038	5,037		Other long-term liabilities	5,037	5,038
20,638	**17,446**	5.2	**Total long-term liabilities**	**17,446**	**20,638**
3,169	3,111	5.4	Mortgage debt, short-term	3,111	3,169
150,000	200,000	5.4	Bank loan	200,000	150,000
408,830	669,545	4.1	Prepayments received from customers	669,545	408,830
317,029	238,233		Trade creditors	281,551	372,680
92,902	98,851		Payables to related companies	2,587	1,960
12,997	7,671		Corporate tax	10,473	16,536
60,633	82,842	4.3	Other creditors	101,961	100,538
1,045,560	**1,300,253**		**Total current liabilities**	**1,269,228**	**1,053,713**
1,066,198	**1,317,699**		**Total long-term and current liabilities**	**1,286,674**	**1,074,351**
1,950,615	**1,982,019**		**TOTAL EQUITY AND LIABILITIES**	**1,952,052**	**1,963,261**

CASH FLOW STATEMENT

DKKt

Notes		The Group 2018	2017
	Operating result	-85,240	-2,398
6.5	Adjustments	-10,269	128,860
4.4	Changes in working capital	246,754	131,734
	Cash flows from operating activities before net financials	151,245	258,196
	Financial income	5,269	14,194
	Financial costs	-22,827	-11,036
	Cash flows from ordinary activities	133,687	261,354
	Taxes paid	-20,136	-40,835
	Cash flows from operating activities	**113,551**	**220,519**
	Additions of tangible assets	-7,236	-9,659
	Additions of intangible assets	-6,455	-26,617
	Dividends received from associated companies	34,937	11,934
	Investments in associated companies and other securities	-18,619	-40,354
	Disposals of investments in associated companies	0	33,562
	Cash flows from investing activities	**2,627**	**-31,134**
5.4	Bank loan	50,000	0
	Repayment of mortgage debt	-3,249	-3,516
	Dividends distributed	0	-42,500
	Cash flows from financing activities	**46,751**	**-46,016**
	Cash at 1 January	357,673	214,304
	Changes in cash	162,929	143,369
	Cash at 31 December	**520,602**	**357,673**

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 2018	150,000	126,174	34,439	12,480	354,600	0	677,693
Dividends paid	0	0	0	0	0	0	0
Result for the year	0	29,899	0	-5,333	-184,971	0	-160,405
Proposed dividend for 2018	0	0	0	0	0	0	0
Changes in financial instruments	0	0	-30,941	0	0	0	-30,941
Tax on changes in equity	0	0	6,807	1,173	-1,173	0	6,807
Exchange rate differences related to subsidiaries and associated companies	0	-5,652	0	0	0	0	-5,652
Equity at 31 December 2018	**150,000**	**150,421**	**10,305**	**8,320**	**168,456**	**0**	**487,502**

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 2018	150,000	78,037	34,439	12,480	402,737	0	677,693
Dividends paid	0	0	0	0	0	0	0
Result for the year	0	26,918	0	-5,333	-181,990	0	-160,405
Proposed dividend for 2018	0	0	0	0	0	0	0
Changes in financial instruments	0	0	-30,941	0	0	0	-30,941
Tax on changes in equity	0	0	6,807	1,173	-1,173	0	6,807
Exchange rate differences related to subsidiaries and associated companies	0	-6,424	0	0	772	0	-5,652
Equity at 31 December 2018	**150,000**	**98,531**	**10,305**	**8,320**	**220,346**	**0**	**487,502**

NOTES

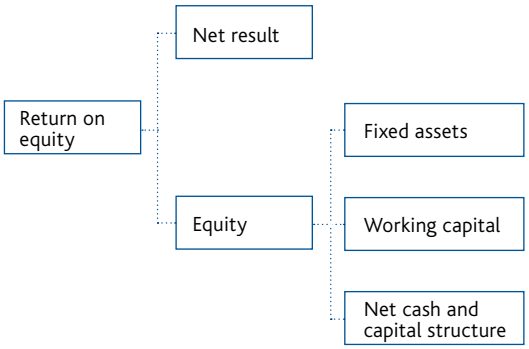
Notes		Page
1	**Basis of reporting**	
1.1	Basis of reporting	43
2	**Net result**	
2.1	Revenue	45
2.2	Staff costs, etc.	45
2.3	Audit fees	46
2.4	Tax	46
3	**Non-current assets**	
3.1	Intangible fixed assets	48
3.2	Tangible fixed assets	50
3.3	Financial fixed assets	52
3.4	Business combinations	53
4	**Working capital**	
4.1	Contract work in progress	54
4.2	Other debtors	55
4.3	Other creditors	55
4.4	Changes in working capital for the cash flow statement	55
5	**Net cash and capital structure**	
5.1	Capital structure	56
5.2	Long-term liabilities	56
5.3	Distribution of result	57
5.4	Financial risks	57
6	**Other notes**	
6.1	Other provisions	60
6.2	Transactions between related parties	60
6.3	Contingency liabilities, security for loans, etc.	61
6.4	Guarantees	61
6.5	Cash flow adjustments for the cash flow statement	61
6.6	Events after the balance sheet date	61
6.7	Subsidiaries and associated companies	62
7	**Accounting policies**	
7.1	Accounting policies	63
7.2	Financial ratios	66

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.

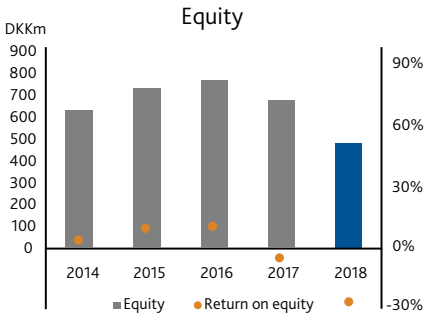
The notes have been divided into 7 sections: Basis of reporting, Net result, Non-current assets, Working capital, Net cash and capital structure, Other notes and Accounting policies. The purpose is to provide a clearer understanding of what drives performance.

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 2014 - 2018:



Note section 1
Basis of reporting

This section describes the applied reporting framework and 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, 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 the result when the claim has been final settled. It is considered less likely that the settlement would have a negative impact on the result.

- Provisions are based on BWSC's best estimate of the amount at which the obligation is expected to be discharged. Provisions consist 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 and fuel cost are the key uncertainties in the impairment test. As shown in note 3.3 an impairment loss of DKKm 87 has been recognised in 2018. The impairment loss relates to investments in associated companies in the UK operating a number of power plants. The impairment is caused by underlying lower than expected earnings of the companies as well as lower than expected long term outlook for the companies. The impairment is based on a discounted cash flow model calculation and budgets for the power plants throughout the expected life of the plants.

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 projects 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 projects are recognised as revenue on sale of finished projects.

Defining materiality

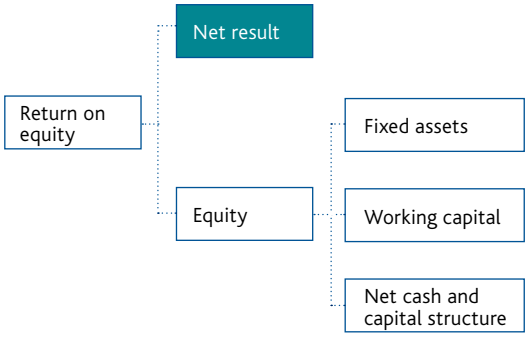
BWSC's Annual Report is based on the concept of materiality to ensure that the content is material and relevant to the reader. This objective is pursued, amongst other things, by providing relevant rather than generic descriptions. The consolidated financial statements consist of a large number of transactions. 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.

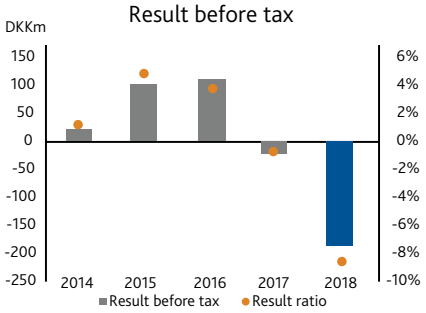
Going concern

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.
Net result

Revenue of DKKm 2,158 (2017: DKKm 2,882) in a year with an operating result of DKKm -85 (2017: DKKm -2) and a Net result of DKKm -160 (2017: DKKm -24).





The activity level measured in revenue has decreased by 25% compared to 2017. Revenue for 2018 amounts to DKKm 2,158 (2017: DKKm 2,882). 67% of the revenue is related to the EPC activities (2017: DKKm 77%). Revenue for the segment Europe, which mainly consists of biomass projects in the UK accounts for 40% of the total revenue for 2018 (2017: 70%).

The average number of employees has increased from 715 in 2017 to 763 in 2018, which amounts to an increase of 7%. The majority of the increase is related to mobilisation on new O&M sites in the UK. Staff costs, etc. has increased by DKKm 26 to DKKm 502, an increase of 5.5%.

The financial performance for a number of EPC projects has been significantly lower than expected in 2018, which has resulted in an operating result of DKKm -85 (2017: DKKm -2). The process leading up to the bankruptcy of BWE with progress for the projects below plan and the related costs have had a material negative impact on BWSC.

BWSC has made a number of investments in power plants together with partners. During 2018 the power price has been below expectation leading to a result of investments in associated companies of DKKm -83 (2017: DKKm -23) including an impairment loss of DKKm 87 (2017: 0). The impairment loss is caused by i.e. projected power prices below the original business plan.

Note 2.1 Revenue

DKKt

Parent Company			The Group	
2017	**2018**		**2018**	**2017**
2,013,557	2,128,636	Final invoicing	2,146,546	2,850,283
707,985	11,513	Changes in contract work in progress	11,513	31,289
2,721,542	**2,140,149**		**2,158,059**	**2,881,572**

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

2017	**2018**		**2018**	**2017**
1,955,236	870,568	Europe	870,568	1,955,236
504,187	988,081	Africa and Middle East	990,575	624,308
175,813	270,295	South and Central America	283,472	191,529
86,306	11,205	South East Asia	13,444	110,499
2,721,542	**2,140,149**		**2,158,059**	**2,881,572**

Note 2.2 Staff costs, etc.

DKKt

Parent Company			The Group	
2017	**2018**		**2018**	**2017**
365,399	388,929	Wages and salaries	480,208	459,598
3,315	4,494	Pension contribution	8,395	6,225
2,293	2,709	Social security costs	13,261	9,809
371,007	**396,132**		**501,864**	**475,632**
473	509	Average number of employees	763	715

Including remuneration for:

2017	**2018**		**2018**	**2017**
5,788	5,798	Executive management of Parent Company	5,798	5,788
1,390	1,390	Board of Directors of Parent Company	1,390	1,390
7,178	**7,188**		**7,188**	**7,178**

A bonus scheme for the Executive Management 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	
2017	2018		2018	2017
540	540	Audit fee	1,033	1,125
119	161	Other declaration assignments	161	119
823	546	Tax advisory fee	715	1,049
150	234	Other fees	521	777
1,632	**1,481**		**2,430**	**3,070**

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 bwsc.com.

As BWSC operates across many different countries, the calculation of the total tax charge 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	
2017	2018		2018	2017
14,443	14,465	Income tax payable	17,631	18,838
-16,348	-46,713	Change in deferred tax	-46,713	-16,348
-683	6,807	Tax on changes in equity	6,807	-683
-1,464	-3,438	Adjustment of tax concerning previous years	-3,666	-1,442
975	392	Paid dividend tax abroad	392	975
-3,077	**-28,487**		**-25,549**	**1,340**

Note 2.4 Tax (continued)

DKKt

Effective tax rate:

2017	2018		2018	2017
22%	22%	Company tax rate in Denmark	22%	22%
11%	15%	Effective tax rate	14%	-6%

Specification of effective tax rate:

2017	2018		2018	2017
22%	22%	Company tax rate in Denmark	22%	22%
-15%	-8%	Tax on profit in subsidiaries and associated companies	-9%	-31%
0%	0%	Adjustment of calculated tax in foreign companies compared to 22%	0%	-1%
-1%	0%	Non-deductible costs	0%	-2%
5%	1%	Other adjustments	1%	6%
11%	**15%**	**Effective tax rate**	**14%**	**-6%**

Taxes paid for the BWSC Group in 2018 amounts to DKKm 20 (2017: DKKm 41)

Deferred tax:

Parent Company			The Group	
2017	**2018**		**2018**	**2017**
31,342	14,994	Deferred tax at 1 January	15,815	32,027
0	0	Adjustment concerning previous years	101	136
-16,348	-46,713	Changes in deferred tax	-46,713	-16,348
14,994	**-31,719**		**-30,797**	**15,815**

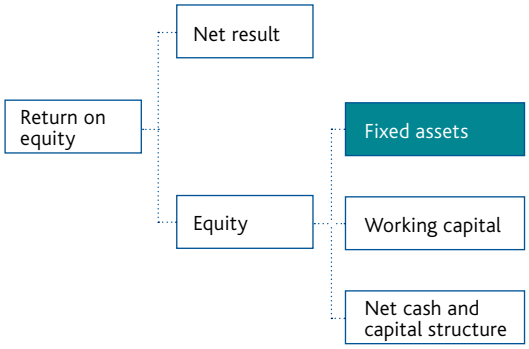
Deferred tax can be specified as follows:

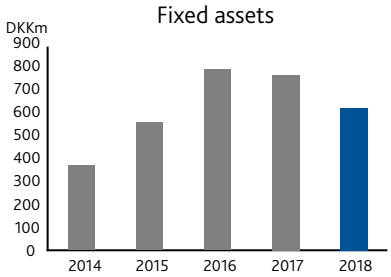
2017	2018		2018	2017
11,289	10,053	Tangible fixed assets	10,336	11,502
-62	1,225	Intangible fixed assets	1,225	-62
-24,417	-23,877	Financial fixed assets	-23,877	-24,417
28,452	-19,120	Contract work in progress	-18,481	29,060
-268	0	Other current assets	0	-268
14,994	**-31,719**		**-30,797**	**15,815**

2017	2018		2018	2017
0	-31,719	Deferred tax asset	-31,719	0
14,994	0	Deferred tax liability	922	15,815
14,994	**-31,719**		**-30,797**	**15,815**

Note section 3
Non-current assets

Investments of DKKm 33 in non-current assets (2017: DKKm 79) of which DKKm 19 (2017: DKKm 40) is in power plants via associated companies.





In 2018, non-current assets have decreased by DKKm 131 despite total investments of DKKm 33. This is mainly driven by depreciation of fixed assets, our share of losses in associated companies, currency adjustments and an impairment charge of DKKm 87 related to investment in associated companies being a result of key assumptions like the power price projections being below the original business plans.

In addition to investments made in power plants, BWSC has committed not paid in investments amounts at the end of 2018 of DKKm 3 (2017: DKKm 19), which shall be paid in during 2019. BWSC has entered into an agreement where a main part of the Kent investment will be sold when the ROC subsidy accredition has been achieved - expectedly in first half of 2019 – at a fixed price. This part of the investment is presented as other securities.

Note 3.1. Intangible fixed assets

DKKt

Parent Company

	Software	Goodwill	Development costs	Total
Cost at 1 January 2018	77,883	7,000	16,000	100,883
Additions in the year	6,455	0	0	6,455
Cost at 31 December 2018	**84,338**	**7,000**	**16,000**	**107,338**
Amortisation at 1 January 2018	59,814	1,283	0	61,097
Amortisation for the year	11,343	1,400	5,333	18,076
Amortisation at 31 December 2018	**71,157**	**2,683**	**5,333**	**79,173**
Booked value at 31 December 2018	**13,181**	**4,317**	**10,667**	**28,165**
Booked value at 31 December 2017	18,069	5,717	16,000	39,786
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 2018	77,935	8,988	16,000	102,923
Currency adjustments at 1 January 2018	0	99	0	99
Additions in the year	6,455	0	0	6,455
Cost at 31 December 2018	**84,390**	**9,087**	**16,000**	**109,477**
Amortisation at 1 January 2018	59,851	3,050	0	62,901
Currency adjustments at 1 January 2018	0	95	0	95
Amortisation for the year	11,358	1,625	5,333	18,316
Amortisation at 31 December 2018	**71,209**	**4,770**	**5,333**	**81,312**
Booked value at 31 December 2018	**13,181**	**4,317**	**10,667**	**28,165**
Booked value at 31 December 2017	18,084	5,938	16,000	40,022
Amortisation period	3-7 years	3 years	3 years	

The amortisations are recognised as follows in the income statement:

Parent Company			The Group	
2017	**2018**		**2018**	**2017**
14,634	18,076	Administrative costs	18,316	15,363
14,634	**18,076**		**18,316**	**15,363**

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

Note 3.2 Tangible fixed assets

DKKt

Parent Company

	Fixtures and fittings, tools and equipment	Land and buildings	Total
Cost at 1 January 2018	29,165	120,053	149,218
Additions in the year	1,436	768	2,204
Disposals in the year	-1,713	0	-1,713
Cost at 31 December 2018	**28,888**	**120,821**	**149,709**
Depreciation at 1 January 2018	23,305	50,432	73,737
Depreciation for the year	3,216	1,561	4,777
Depreciation of disposals	-1,655	0	-1,655
Depreciation at 31 December 2018	**24,866**	**51,993**	**76,859**
Booked value at 31 December 2018	**4,022**	**68,828**	**72,850**
Booked value at 31 December 2017	5,860	69,621	75,481
Depreciation period	3-10 years	10-100 years	

Note 3.2 Tangible fixed assets (continued)

DKKt

The Group

	Fixtures and fittings, tools and equipment	Land and buildings	Total
Cost at 1 January 2018	44,523	120,053	164,576
Currency adjustments at 1 January 2018	-147	0	-147
Additions in the year	7,054	768	7,822
Disposals in the year	-2,459	0	-2,459
Cost at 31 December 2018	**48,971**	**120,821**	**169,792**
Depreciation at 1 January 2018	27,786	50,432	78,218
Currency adjustments at 1 January 2018	-48	0	-48
Depreciation for the year	6,633	1,561	8,194
Depreciation of disposals	-1,873	0	-1,873
Depreciation at 31 December 2018	**32,498**	**51,993**	**84,491**
Booked value at 31 December 2018	**16,473**	**68,828**	**85,301**
Booked value at 31 December 2017	16,737	69,621	86,358
Depreciation period	3-10 years	10-100 years	

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	
2017	**2018**		**2018**	**2017**
323	355	Costs of production	3,612	2,856
12	0	Sales costs	0	12
4,512	4,422	Administrative costs	4,582	4,233
4,847	**4,777**		**8,194**	**7,101**

Note 3.3 Financial fixed assets

DKKt

Parent Company

	Subsidiaries	Associated companies	Other securities	Total
Cost at 1 January 2018	9,442	477,323	269,264	756,029
Additions in the year	2,390	18,619	0	21,009
Transfer	0	30,945	-30,945	0
Cost at 31 December 2018	**11,832**	**526,887**	**238,319**	**777,038**
Revaluations/write-downs at 1 January 2018	38,885	-122,378	-15	-83,508
Profit share in the year	12,267	3,844	0	16,111
Impairment loss	0	-87,000	0	-87,000
Exchange rate differences	772	-6,424	-14,199	-19,851
Distribution of dividend to Parent Company	-34	-34,937	0	-34,971
Elimination intercompany profit	0	2,456	0	2,456
Revaluations/write-downs at 31 December 2018	**51,890**	**-244,439**	**-14,214**	**-206,763**
Booked value at 31 December 2018	**63,722**	**282,448**	**224,105**	**570,275**
Booked value at 31 December 2017	48,327	354,945	269,249	672,521

In the distribution of result for the year (note 5.3) for 2018, DKKt 29,899 has been transferred to revaluation reserves according to the equity method from retained earnings. 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.

Note 3.3 Financial fixed assets (continued)

DKKt

The Group

	Associated companies	Other securities	Total
Cost at 1 January 2018	477,323	269,264	746,587
Additions in the year	18,619	0	18,619
Transfer	30,945	-30,945	0
Cost at 31 December 2018	**526,887**	**238,319**	**765,206**
Revaluations/write-downs at 1 January 2018	-122,378	-15	-122,393
Profit share in the year	3,844	0	3,844
Impaiment loss	-87,000	0	-87,000
Exchange rate differences	-6,424	-14,199	-20,623
Distribution of dividend to Parent Company	-34,937	0	-34,937
Elimination intercompany profit	2,456	0	2,456
Revaluations/write-downs at 31 December 2018	**-244,439**	**-14,214**	**-258,653**
Booked value at 31 December 2018	**282,448**	**224,105**	**506,553**
Booked value at 31 December 2017	354,945	269,249	624,194

As per 31 December 2018, the accumulated elimination of the proportionate share of the intercompany profit of DKKm 108 (2017: DKKm 110) before tax has been deducted from the investments in associated companies.

BWSC has invested in ten power plants via associated companies. Of these six are in operation at the beginning of 2018, two reached TOC during 2018 and went into operation and two are under construction. Of the two under construction end-2018, one reached TOC early 2019.

Note 3.4 Business combinations

DKKt

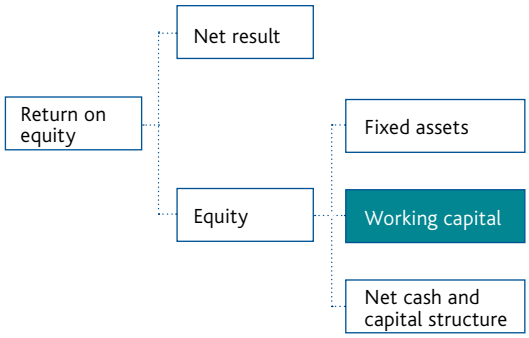
The purchase price is allocated as follows:

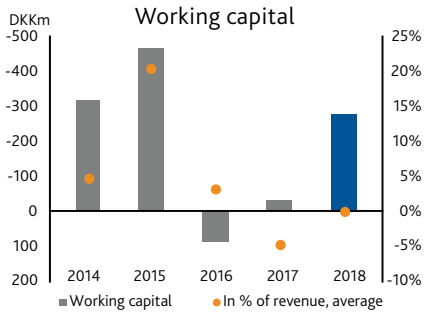
	2018	2017
Fixtures and fittings, tools and equipment	0	1,800
Raw materials and consumables	0	200
Subtotal	**0**	**2,000**
Goodwill	0	7,000
Assets taken over related to projects	0	15,000
Purchase price	**0**	**24,000**

The 2017 purchase price relates to acquired BWE activities.

Note section 4
Working capital

Working capital has improved at the end of 2018 compared to 2017.





Working capital amounts to DKKm -278 at the end of 2018 (2017: DKKm -31). 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 247 in 2018 from DKKm -31 at the end of 2017. The improvement is mainly related to extraordinary large pre-payments received just before year end 2018 and to contract work in progress and prepayments received by customers, net.

Despite a negative working capital BWSC has funds tied up in working capital relating to two projects from 2016 that have not been settled. These relate to 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 positive cash on its projects.

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	
2017	**2018**		**2018**	**2017**
4,965,283	4,976,796	Sales value of production in progress	4,976,796	4,965,283
-4,819,913	-5,129,993	Invoiced on account	-5,129,993	-4,819,913
145,370	**-153,197**	**Contract work in progress, net**	**-153,197**	**145,370**

Classified as follows:

2017	**2018**		**2018**	**2017**
554,200	516,348	Contract work in progress (debtors)	516,348	554,200
-408,830	-669,545	Prepayments received from customers (liabilities)	-669,545	-408,830
145,370	**-153,197**		**-153,197**	**145,370**

Note 4.2 Other debtors

DKKt

Parent Company			The Group	
2017	2018		2018	2017
40,273	46,115	VAT receivable etc.	46,474	49,114
54,648	36,631	Financial instruments	36,631	54,648
23,687	6,032	Other	6,551	32,086
118,608	**88,778**		**89,656**	**135,848**

Note 4.3 Other creditors

DKKt

Parent Company			The Group	
2017	2018		2018	2017
50,112	53,333	Payable payroll related costs	60,242	60,576
10,499	17,331	Financial instruments	17,331	10,499
0	0	VAT payable	7,748	28,423
22	12,178	Other accrued costs	16,640	1,040
60,633	**82,842**		**101,961**	**100,538**

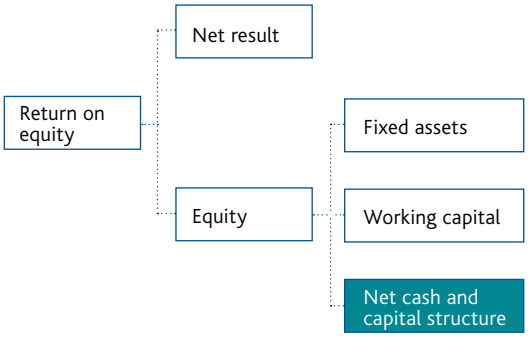
Note 4.4 Changes in working capital for the cash flow statement

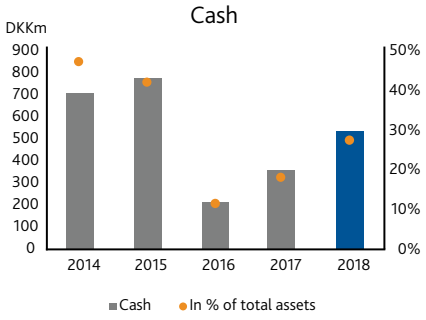
DKKt

	The Group	
	2018	2017
Changes in inventories	1,072	84
Changes in contract work in progress and prepayments received by customers, net	298,567	155,318
Changes in trade receivables	862	-70,234
Changes in receivables from group companies and associates companies	-10,190	-3,511
Changes in other debtors	46,192	-9,339
Changes in prepayments	-670	498
Changes in trade creditors	-91,129	2,933
Changes in payables to group companies and associated companies	605	-3,274
Changes in other creditors	1,445	59,259
	246,754	**131,734**

Note section 5
Net cash and capital structure

Cash improvement in 2018 by DKKm 163 to DKKm 521, equaling 27% of total assets (2017: 18%).





BWSC's capital structure at the end of 2018 consists of equity of DKKm 488, interest bearing debt of DKKm 216 and cash of DKKm 521.

The equity has decreased by DKKm 190 to DKKm 488 at the end of 2018 and the solidity ratio (equity in relation to equity and total liabilities) equals to 25%, which is a decrease of 10 percentage-points compared to the end of 2017. The solidity is expected to increase in 2019 due to expected sale of shares and finalisation of projects. Cash has increased by DKKm 163 to DKKm 521 at the end of 2018 whereas interest bearing debt has increased by DKKm 47 to DKKm 216. Accordingly, net cash (less interest bearing debt) amounts to DKKm 305 at the end of 2018 which is an increase of DKKm 116 compared to the end of 2017. The increase of DKKm 116 is mainly related to increased 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 operations using equity and debt. BWSC has decided to use solidity (equity/total liabilities) as the key measure of capital structure.

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 25% at the end of 2018 is impacted by high total assets and the decrease in equity (equity decrease specified in the statement of change in equity) related to the net loss for the year and currency adjustment.

The solidity is expected to increase to above 30% in 2019.

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 2018 amounts to DKKm 0 (2017: DKKm 3).

The mortgage debt amounts to DKKm 16 at the end of 2018 (2017: DKKm 19) with a maturity of five years.

The other long-term liabilities DKKm 5 (2017: DKKm 5) are non-interest bearing.

Note 5.3 Distribution of result

It is recommended that the result for the year, DKKt -160,405 is appropriated as follows:

Parent company		
2017	**2018**	
0	0	Proposed dividend
47,928	29,899	Transferred to reserve for net revaluation according to the equity method
8,643	-5,333	Transferred from reserve for development costs
-80,194	-184,971	Retained earnings
-23,623	**-160,405**	

The statement of change in equity is included on page 41.

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 have 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 at the end of 2018 amounts to DKKm 521 (2017: DKKm 358). Prepayments from customers at the end of 2018 amounts to DKKm 670 (2017: DKKm 409) 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. Only one extension option has been used and the credit facility will expire in 2020. However, in connection with a planned sale of shares it is expected that the current credit facility in 2019 will be replaced by a new credit facility with the bank.

The table below show the overview of interest bearing debt for end-2018 and end-2017.

	2018				2017			
DKKm	**Amount**	**Drawn**	**Available**	**Expiry**	**Amount**	**Drawn**	**Available**	**Expiry**
Credit facility	250	200	50	2020	250	150	100	2020
Mortage debt	16	16	0	2023	19	19	-	2023
Total	**266**	**216**	**50**		**269**	**169**	**100**	

Counterpart risks
BWSC's counterpart risks mainly relate 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.

BWSC's cash deposits and credit facility are subject to floating interest.

Interest bearing debt at 31 December 2018 consists of mortgage debt and drawn committed credit facility. The mortgage debt amounts to DKKm 16 (2017: DKKm 19) and is subject to a fixed interest rate via an interest rate swap. The market value of the interest rate swap is DKKm -2 (2017: DKKm -3) and the market value is recognised in equity. The maturity of the loan is five years.

The drawn committed credit facility amount is DKKm 200 (2017: DKKm 150) and is subject to 3 months floating interest rate.

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.

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.

	2018			**2017**		
DKKt	**Market value**	**Contract amount sold**	**Contract amount bought**	**Market value**	**Contract amount sold**	**Contract amount bought**
USD	-9,643	210,410	17,928	-352	0	6,208
GBP	31,058	717,679	118,900	47,420	777,322	184,724
MUR	0	0	0	-27	2,787	0
Total	**21,415**	**928,089**	**136,828**	**47,041**	**780,109**	**190,932**

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 EPC projects of power plants have a life time of up to 30 months whereas some of the 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 ladder, 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 O&M projects with a life time of up to twenty years, the net currency exposure above five years amount is above DKKbn 1.3. 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 2023.

Total financial instruments
Below table shows the market value of the currency and interest rate financial instruments and the effect on income statement and equity.

	2018			2017		
DKKt	**Market value**	**Recognised in income statement**	**Recognised in equity**	**Market value**	**Recognised in income statement**	**Recognised in equity**
Currency financial instruments	21,415	6,091	15,324	47,041	0	47,041
Interest rate financial instruments	-2,115	0	-2,115	-2,892	0	-2,892
Total	**19,300**	**6,091**	**13,209**	**44,149**	**0**	**44,149**

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

	2018			2017		
DKKt	**Currency financial instruments**	**Interest rate financial instruments**	**Total**	**Currency financial instruments**	**Interest rate financial instruments**	**Total**
Within 1 year	10,531	0	10,531	24,103	0	24,103
Between 1 and 5 years	10,884	-2,115	8,769	22,938	0	22,938
Over 5 years	0	0	0	0	-2,892	-2,892
Total	**21,415**	**-2,115**	**19,300**	**47,041**	**-2,892**	**44,149**

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 101 (2017: DKKm 122) 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 E&S Holdings 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, purchase of services from DASH engineering, service sales to associated companies, remuneration for the Board of Directors and the Executive Management, no transactions have been made with the Board of Directors, the Executive 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 E&S Holdings Co., Ltd., which prepares consolidated financial statements for the group in which BWSC is included.

Group financial statements for the ultimate Parent Company can be obtained from: Mitsui E&S Holdings Co., Ltd., 6-4, Tsukiji 5-chome, Chou-ku, Tokyo 104-8439, Japan or via www.mes.co.jp.

BWSC's welding specialists provide regular maintenance as well as rapid response to emergency situations.

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 customary 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, the Parent Company 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 69 (2017: DKKm 70) have been provided as security for mortgage debt. The total mortgage debt amounts to DKKm 16 (2017: DKKm 19).

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 3 at 31 December 2018. The not paid in capital will be paid in during 2019.

BWSC has received DKKm 50 under a product delivery guarantee. The amount has been off set in work in progress, since payments to be received from the customer shall be passed on to the guarantee provider. Should it turn out that BWSC has no right to claim the amount from the customer, the amount received of DKKm 50 shall be paid back to the guarantee provider.

Note 6.4 Guarantees

At 31 December 2018 guarantees given by banks and credit insurance institutions on behalf of BWSC for contract work, etc. amounted to DKKm 1,883 (2017: DKKm 1,534). The guarantees are typically provided in the form of performance and down payment guarantees to cover project-related risks, such as performance, payment, quality and delay for projects and supplies towards our customers.

Note 6.5 Cash flow adjustments for the cash flow statement

DKKt

	The Group	
	2018	**2017**
Amortisation/depreciation	26,510	22,464
Changes in provisions	-18,448	123,908
Derivative financial intruments	-15,875	-15,702
Elimination of Intercompany profit (note 3.3)	-2,456	-1,810
	-10,269	**128,860**

Note 6.6 Events after the balance sheet date

No significant events that could materially affect the financial position at 31 December 2018 have occurred after the balance sheet date.

Note 6.7 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%
BWSC Mali SARL	Mali	100%
BWSC Japan Ltd.	Japan	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%
Kent Power Corporation Ltd.	United Kingdom	18%

* 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.

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

There are no changes to accounting policies compared to the previous year.

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 consolidated 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 result 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.

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 of 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.

Production costs

Production costs 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 production costs.

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

Sales costs

Costs related to offers and orders, including expenses related to sales personnel, marketing, including costs for 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.

Financial items

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 Revenue section.

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 as prepayments under receivables or current liabilities.

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.

A 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 result, adjusted for non-cash operating and financial items, changes in working capital, financial items 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.

Note 7.2 Financial ratios

Analysis of the financial ratios included in the financial highlights on page 6 and 67:

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

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

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

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

Stepping up. Kayes Power Plant, inaugurated in October 2018, adds 90 MW of power to Mali's energy mix.

GROUP FINANCIAL HIGHLIGHTS, EUR

	2018 EURm	2017 EURm	2016 EURm	2015 EURm	2014 EURm
Income statement					
Revenue	290	387	395	283	244
Gross profit	16	27	40	33	18
Net financials	-2	0	-1	1	1
Result before tax	-25	-3	15	14	3
Result for the year	-22	-3	11	10	2
Balance sheet					
Total assets	261	263	246	246	201
Cash	70	48	29	104	95
Net working capital	-37	-4	12	-62	-43
Equity	65	91	102	98	85
Interest-bearing debt	29	23	23	3	4
Investments in tangible fixed assets	1	1	2	1	1
Cash flows					
From operating activities	15	30	-44	37	43
From investment activities	0	-4	-45	-26	-16
From financing activities	6	-6	14	-2	-4
Financial ratio (%)					
Gross margin	6	7	10	12	7
Profit ratio	-9	-1	4	5	1
Solidity	25	35	42	40	42
Return on equity	-28	-3	11	11	3
Other information					
Order intake	397	506	408	356	497
Order backlog	1,063	956	898	886	808
Average number of full-time employees	763	715	577	557	484
Of which employed by the Parent Company	509	473	383	355	287

The calculation of the financial ratios are described in note 7.2 in the financial statements.

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

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