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ANNUAL REPORT 2016

SHIP SUPPLY

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INTRODUCTION

EXPERT CARE

Wrist Ship Supply is the world’s leading ship and offshore supplier of provisions and stores with a market share around 8%. Wrist offers a global 24/7 service, including handling of owners’ goods, shipping, air freight and related marine services that meet the demands of international organisations as well as local businesses.

From offices around the globe, all Wrist staff take pride in making it easy for customers to receive their supplies – where and when requested – efficiently and at the best possible price.

Our mission is to provide expert care to each ship and offshore location.

www.wrist.com

MANAGEMENT COMMENTARY

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK'000 and ratios	**2016**	**2015**	**2014**	**2013***	**2012***
Net Sales	4,066,729	3,674,577	3,347,343	3,032,383	2,858,159
Gross profit	970,818	932,444	805,408	701,355	663,512
Operating profit (EBITDA)	205,511	227,598	208,638	180,145	155,792
Earnings before interest and tax (EBIT)	149,540	190,092	210,753	125,431	104,594
Profit of financial items	-70,251	-51,572	-46,927	-20,227	-21,320
Net profit	60,445	104,555	130,091	75,900	60,893
Inventories	238,384	218,230	195,202	166,467	152,547
Trade receivables	680,171	574,949	549,142	469,425	530,020
Total assets	2,045,253	1,717,337	1,552,820	1,289,874	1,261,368
Equity	486,408	463,204	337,218	231,692	271,338
Invested capital including goodwill	1,063,867	818,129	755,504	690,723	680,000
Net interest-bearing debt (NIBD)	665,686	469,018	474,223	520,677	388,000
Cash flow from operating activities (CFFO)	137,144	143,245	135,860	103,002	209,911
Cash flow from investing activities (CFFI)	308,341	89,441	33,481	102,219	46,145
Total investment ex business acquisition (CAPEX)	47,324	49,821	33,698	96,246	28,891
Acquisition of property, plant and equipment	34,396	37,495	49,516	81,883	23,206
Number of employees, average	1,183	1,167	1,105	981	948
Performance ratios (%)					
Gross margin	23.9	25.4	24.1	23.1	23.2
Operating margin (EBITDA)	5.1	6.2	6.2	5.9	5.5
Return on invested capital	15.7	23.8	28.5	23.0	20.3
Return on equity	12.7	26.1	45.7	30.2	25.6

* The figures for 2012 and figures related to the income statement for 2013 have been prepared in accordance with the Danish Financial Statements Act.

Definitions of financial highlights and key ratios

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

Ratios		Calculation formula	Ratios reflect
Gross margin (%)	=	Gross profit x 100 / Net sales	The enterprise's operating gearing.
Operating margin (EBITDA) (%)	=	EBITDA x 100 / Net sales	The enterprise's operating profitability.
Return on invested capital (%)	=	EBITA x 100 / Average invested capital incl. goodwill	The return generated by the enterprise on investors' funds.
Return on equity (%)	=	Profit/(loss) for the year Excl. minority interests x 100 / Average equity excluding non-controlling interests	The enterprise's return on capital invested in the enterprise by the owners.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

THE YEAR IN REVIEW

In 2016, Wrist further consolidated its position as the world's largest supplier of provision and stores to ships and offshore locations, not least through the successful acquisition of Garrets International, the world's leading provider of provision management services.

Growing market share

Including positive effects from strategic acquisitions Wrist's sales increased by 13% in local currencies and by as much as 11% in the reporting currency, reaching DKK 4.1bn. The Group achieved growth in volumes. However, organic growth was negative due to weaker demand and especially reduced activity in the offshore oil & gas markets.

Margins marked by depressed markets

Reduced demand, including customers' shift towards lower priced goods, reduced the average order value. Impacted also by changes in the business composition, the gross profit margin was 23.9% against a record high 25.4% in 2015. The lower average order value also implied higher operating costs in relative terms. Consequently, the operating profit (EBITDA) arrived at DKK 206m, 10% lower than the year before, and the corresponding margin was 5.1% against 6.2%. A few business units contributed somewhat less than both last year and expectations, but most of the Group's operations performed well, considering the overall depressed market.

Executing Wrist's growth strategy

Despite tough market conditions Wrist continues developing its strategic platform. During 2016 the Group invested in a range of significant and ambitious projects, including footprint expansion, facility upgrades, the very successful Ice-Box fleet and further roll-out of the global business support system.

Significant business platform expansion

January 2016, Wrist announced its acquisition of market-leading Garrets International, delivering provision management services to more than 1,000 ships worldwide. Following the successful integration with Wrist's subsidiary SeaStar Management the combined organisation is reinforcing the Group's global proposition to customers, enhancing its ability to support welfare on board and at the same time securing more resources for the ongoing development of value-adding service tools for crews.

Innovation in service offerings

Wrist constantly pursues solutions that expand and enhance its range of service offerings. The Group continued developing and promoting its bundled services concept for shipping customers, encompassing provision management and optimisation of last mile logistics, and delivering attractive operating cost savings. Further, Wrist implemented a new and more efficient procurement and stock management tool for ships operating under provision management contracts.

Further investments in operating platform

Wrist also continued developing its global operational capabilities and infrastructure with the aim of improving the quality and responsiveness of its customer services while at the same time increasing its operational efficiency. Greenfield operations in Hamburg and Las Palmas were started in 2016, and the continued expansion and improvement of warehousing facilities included the important bases in Dubai, Rotterdam and Vancouver, resulting in additional capacity as well as process optimisation. Scalability of the entire organisation was enhanced, and the Group's shared service centre relocated in 2016 to Manila. Further, in 2016 the roll-out of the global business support system – enabling additional digitalised customer and vendor solutions – continued as it was implemented in several North American offices as well as in Garrets in Denmark.

CUSTOMER FOCUS

Wrist is an experienced and distinguished supplier of provisions and stores to the shipping and offshore industries. The company is continuously developing its business and capabilities, and after more than 60 years in the market, Wrist is today the world's leading ship supplier with a market share around 8%.

Wrist's principal activities are the sale and delivery of provisions and stores to ships, offshore locations and adjacent markets. The Group supplies a broad range of products, including deck, engine, electrical, cabin and bonded stores. The service concept comprises the storage, surrender and transport of customers' own supplies and spare parts – often through a general warehouse managed by Wrist.

Seafarers' welfare

Wrist is aware of the crucial role played by seafarers. Their welfare is of paramount importance to the business of the Group's customers, and Wrist is dedicated to ensuring the delivery of high-quality products and services to seafarers all over the world. This is essential for them to stay healthy, content and motivated and to making life at sea easier and safer.

Wrist assumes its responsibility and intends to make a difference over and above the primary competitive parameters.

Global network, local excellence

Through Wrist's global key account management organisation, regional and local teams provide customers with outsourced ship supply services, operating as an extension of their own businesses and thereby optimising operational efficiencies and vessel profitability. Wrist strives to understand and meet the exact needs and requirements of each customer as far as possible.

That is the purpose of developing the global network and appointing key account managers to provide dedicated outsourced services in important regions where customers need support – i.e. global customer expertise combined with local supply chain familiarity.

Naturally, customers are keen to work with a supplier that provides the scale, organisational resources, technology and infrastructure required to deliver end-to-end services. Wrist's worldwide network is essential to meeting these demands, and Wrist continuously strives to strengthen this further.

Wrist's employees are instrumental to unlocking growth potential in new geographical regions. Our operational capability to streamline the procurement process and play an active role in raising the level of crew nutrition enables Wrist to continuously improve its service and create stronger partnerships. Customers require effective management by specialist providers with the necessary technological solutions to ensure budget transparency and planning control.

Total supply

Saving costs and time is essential for customers. With sourcing, last mile logistics and management at its core, Wrist provides a global one-stop shopping solution to customers. Wrist consolidates provisions, stores and spares to reduce barge costs and Wrist's logistics set-up, which includes several hubs and warehouses globally, are key to ensure better coordination and long-time planning of supplies to its customers.

Management of provisions and stores

Outsourcing of provisioning to vessels has increased significantly during recent years. More and more operators are moving towards centralising their processes to a single point of contact and are looking for partners that can take care of all their purchasing and supplying needs on a global basis. They wish to outsource processes as a means of enhancing efficiency and reducing overhead costs without impacting quality or the morale of crews.

Garrets is a business unit within Wrist, dedicated to managing budgets and delivering provisions and stores to ships all over the world. Garrets serves more than 1,700 ships around the world with a firm focus on quality based on agreed rates. Long-term partnerships with the customers are built through mutual trust and transparency.

Garrets' strategy is to assist customers in optimising their supply patterns by guiding their vessels to use the most cost-efficient ports during their voyage globally. Through extensive knowledge, Garrets guides the vessels to generate the correct product mix for their provision order, ensuring menu planning with a view to nutrition and health for the crew on board, complying with MLC 2006 requirements.

Customer focus and continuous improvement, efficiency and streamlining customer procurement processes, are the cornerstones of the day-to-day activities. Garrets appoints a dedicated contact person for each ship and office, where the passion for food safety and quality are in focus. Garrets works in partnerships with both the seafarers, managers and ship owners, providing an outsourced solution with an attractive return both in financial and quality terms.

Crew guidance and training

In alignment with the Wrist's vision for "Making customers' life at sea better", Garrets supports customers beyond their specific needs. The seafarers are the most valuable assets, and crew welfare is at the centre of everything that is done within the business. Garrets enhances crew welfare and retention through healthy menu planning, addressing needs of multi-ethnic crews.

By improving the service standards on board, Garrets emphasises the importance of managing and monitoring health, hygiene, nutrition, allergens and special diets as well as ways to ease, plan and prepare menus. That is why Garrets provides training programmes for chefs both ashore and online, on-board galley audits and cookbooks and menu plans for every crew nationality. All this helps raising the standard of living at sea.

Food quality and safety

Garrets holds a fully audited supplier network that offers competitive prices. Continuously, Garrets benchmarks all suppliers and refers to the most convenient and cost effective ports worldwide. This way, Garrets makes sure to provide complete provisioning on a daily rate to the highest quality within customers' budget.

Partnering with NSF International, the leading global provider of public health and safety-based risk management solutions, Garrets adheres to a global food safety quality standard. An approved supplier of Garrets is required to demonstrate commitment to improving food standards and safety and works in close partnership with both Garrets and NSF. Garrets is the only provisions and stores management partner who has a global audit programme.

CORPORATE RESPONSIBILITY

Statutory statement on corporate social responsibility in compliance with sections 99a and 99b of the Danish Financial Statements Act (Årsregnskabsloven).

To promote the long-term interests of the company and its stakeholders, Wrist strives to comply with high ethical standards in all business practices.

Business Principles

Wrist's Business Principles provide guidelines to increase transparency and describe the way the company and its staff must act whilst achieving the business objectives.

http://www.wrist.com/download/sustainability/business_principles_rev4_13feb14.pdf

The Business Principles are incorporated into Wrist's general business practices when living out its vision, "We are recognised for making our customers' life at sea better", and they reflect the UN Global Compact and relevant regulations on anti-corruption, competition law and international trade sanctions.

The Business Principles guide and direct employees and managers in essential matters such as:

- Relationships with authorities
- Transparency
- Anti-trust, anti-corruption and trade sanctions
- Anti-fraud and accuracy of accounting records
- Respect for generally recognised (internationally and locally) human and labour rights
- Employment practices

The Business Principles represent the codification of the ethical standards representing the Wrist culture, and they are an important step in the formulation and communication of Wrist's ethical position and policies.

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

Compliance programme

Wrist Compliance Programme was introduced in 2014, covering the topics of:

- International trade sanctions
- Anti-bribery rules and principles
- Anti-trust rules/competition law

The programme complies with applicable rules and regulations and is tailored to Wrist and its industry. Within each of these areas, the programme comprises a detailed written policy and training.

The policies contain rules and regulations as well as practical advice for employees. The policies are distributed to all relevant employees, followed by training. The anti-bribery programme also consists of a set of guidelines with clear and specific rules for the giving and receiving of business courtesies. It is supplemented by a set of procedures designed to monitor compliance with the anti-bribery policy. Procedures were extended with a section introducing procedures for providing cash discounts in cash sales and a procedure for cash withdrawals to limit the risk of inappropriate behaviour. Furthermore, the policy on business courtesies has been tightened.

The training of new staff and newly acquired entities is conducted continuously. In total, more than 360 employees have participated in on-site training sessions. The implementation of the Business Principles and the compliance programme has drawn attention to an increased awareness among staff and managers of the importance of avoiding violations, which is reflected in the number of questions received by the Legal Department about the Wrist compliance policies.

Human rights

All Wrist's business activities are performed with respect for human and labour rights – for instance fair employment, dissociation from forced or compulsory labour and the use of child labour, freedom of association, the right to collective bargaining and freedom from discrimination.

Employees must act accordingly, and Wrist's Business Principles are a reference in dealings with external stakeholders.

In 2016 Wrist started to require all significant suppliers to sign the Group's purchasing terms, which state that suppliers must be compliant with and have respect for human and labour rights. The process of having suppliers signing this, will continue in 2017.

Whistleblowing

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

No reporting was made in 2016.

Seafarers

With "Expert care to Each Ship & Offshore Location" at the core of our mission, Wrist strives to go beyond the core competitive parameters to make a difference by "making our customers' life at sea better".

Seafarers are often mentioned as "the forgotten workforce" and life at sea is known to be tough for the approx. 1.5 million seafarers worldwide. Working conditions are sometimes risky with help not always close at hand at sea, and hiring periods are long, meaning absence from family and friends.

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

Various charitable organisations do a tremendous amount of work to help seafarers. Wrist has been a member of ISWAN (International Seafarers' Welfare and Assistance Network) since 2013 and again in 2016 Wrist sponsored the ISWAN "Seafarer Centre of the Year" award. Donations and charitable activities are focused on projects that have a positive impact on life at sea.

In 2016 Wrist made an extra effort to mark the "Day of the Seafarer" on 25 June – a campaign run by the International Maritime Organization (IMO).

Wrist was also one of the main sponsors of an event in Manila, the Philippines, arranged by ISWAN, where some 2,500 seafarers and their families joined and enjoyed performances, exhibition area and a big health zone.

Get a glance from the event in the dedicated Seafarers' Welfare section of our website:

http://www.wrist.com/en/seafarers_welfare/welfare_awareness/

Promotion of the underrepresented gender

Board of Directors

The gender composition at the Board of Directors (no women and four men) remains unchanged since the right female candidate has not yet been identified. There is currently one vacancy at the Board, for which a qualified candidate is sought to, firstly, complement the current composition of the Board and, secondly, add to gender diversity.

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

Management

In accordance with Wrist's commitment to achieving a sound and balanced composition of genders across the company, the Board of Directors has approved a policy aimed at increasing the share of the underrepresented gender at all management levels. Training, development and promotional opportunities are available to prepare employees for management positions.

This policy will be monitored and reviewed annually by the Board of Directors and progress compared to the stated intention as well as the policy described in Wrist's annual reports.

Wrist defines "Management" as:

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

The current gender composition is 78% men and 22% women (end-2015: 82% and 18%, respectively).

Initiatives

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

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

- Talent development:
  Ensure that the underrepresented gender is provided with training, development and mentoring opportunities to assist their professional growth. This specifically includes defining managerial development opportunities during the annual performance review.
- Role models:
  Create a forum where the underrepresented gender can participate in activities, (e.g. talks at local focus groups) to gain insight and inspiration on how to develop their own career opportunities.

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

RISK MANAGEMENT

Wrist is exposed to various risks that may impact the Group's results, cash flow, financial position and future prospects.

Significant potential risk factors related to markets, business operations and financial markets are identified, monitored, evaluated and reported on a continuous basis, and risk management is also integrated in the Group's strategic planning process.

Market risk

Market risk refers primarily to risk factors on which the management can exert only limited influence in the short term, but which it is addressing in its long-term planning.

Shipping and offshore industry prospects

Wrist offers its services to the shipping and offshore industry in numerous countries, and this diversification does in itself mitigate risk. Wrist continuously monitors the development of the industries served to enable timely adjustments of its strategic planning.

Structural changes

Structural changes among onshore and offshore distributors and the consolidation of providers of services to the shipping industry create opportunities as well as risks. Wrist monitors developments and adjusts its strategic and operational planning accordingly.

Business risk

Business risk refers to overall risks relating to the current management and operation of the company.

Price fluctuations

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

Customer retention

Wrist serves a large and diverse customer base, which is broadly distributed both geographically and in terms of supply solutions and products. This mitigates risk as does the Group's focus on customer service. With its global key account management organisation, Wrist has a thorough understanding of the needs of its customers and is able to clarify where initiatives may be needed to improve its offering to customers.

Financial reporting

The mitigation of the key risks relating to the Group's financial reporting is ensured through group policies on financial management, a financial manual, internal controls and the statutory audit. Wrist adheres to firm budgeting and reporting schedules and monitors the performance of its business units on a monthly basis. Structured business review meetings are held quarterly.

IT system availability

High-quality and reliable IT systems are important for the Group's order processing, warehousing, delivery of services, financial reporting and accounting records. Wrist is continuously testing and developing the capacity and reliability of its IT systems to secure high performance.

Compliance with regulations

Wrist is committed to conducting its business in compliance with all applicable laws and other regulation and adhering to principles of good corporate citizenship in all the countries in which it is active. The manager of each business unit, supported by group functions, is responsible for monitoring and enforcing the Group's policies as well as ensuring compliance with national legislation and local requirements. Wrist's Business Principles and related policies and procedures are made available to managers and employees to assist and direct them in carrying out their duties.

Financial risk

Financial risk factors refer to fluctuations in the Group's results, cash flows and financial position due to changes in Wrist's financial exposure. The overall objective of risk monitoring and control is to ensure cost-effective financing and to minimise potential adverse impacts from market fluctuations.

Exchange rate risk

The Group's business activities are predominantly based in USD, GBP, SGD and EUR, and many credit facilities are denominated in DKK, USD and GBP (currencies listed according to the size of aggregated amounts). In order to reduce the exchange rate risk, Wrist aims to match costs and revenues, as well as assets and liabilities, in each business unit. Overall, the estimated risk arising from currency exposure is limited as most of the business has limited transaction exposure.

Interest rate risk

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

Funding risk

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

Credit risk

Credit risk mainly relates to trade debtors, other receivables and cash at banks. The aggregate amounts recognised under these items in the balance sheet constitute the maximum credit risk. Receivables relate to shipping, ship management and catering companies. Handling increased credit risk in the shipping industry, Wrist's global credit function monitors the creditworthiness of existing and new customers and assists in debt collection. Wrist conducts individual assessments of its customers' creditworthiness, managed globally. Cash is held with banks with high credit ratings.

FINANCIAL REVIEW

Sales

The volume of supplies to ships increased in 2016, but the average order value decreased due to the demand for lower priced goods. The development in sales to merchant vessels was flat in 2016, whereas the lower demand in offshore oil & gas markets reduced sales and resulted in negative organic growth. Including acquisitions, however, net sales increased by 13% in local currencies and as much as 11% in the reporting currency, reaching DKK 4.1bn compared to DKK 3.7bn in 2015. The EU referendum in UK and subsequent devaluation of GBP is the primary reason for the negative currency impact.

Gross profit

Gross profit grew to DKK 971m from DKK 932m in 2015. The gross profit ratio was 23.9% compared to 25.4% in 2015. The primary reasons for the lower ratio are higher relative logistic expenses due to the mentioned lower average order value and changes in the business composition.

Operating profit

The operating profit (EBITDA) decreased to DKK 206m from DKK 228m in 2015, while the operating margin went to 5.1% in 2016 compared to 6.2% the year before. Most operations have, considering the overall depressed market, performed well, however the development in a few operations has been somewhat below last year and the expectations.

Net profit

The net profit for the year was DKK 61m compared to DKK 105m in 2015. The profit level is not satisfactory and below expectations.

Cash flows

The cash flow from operating activities was DKK 137m in 2016 against DKK 143m in 2015, a decrease of 4.1% due to the lower profit. The development in working capital was flat despite the increased activity. The working capital, as a ratio of sales, was 6.2% compared to 8.5% in 2015.

Investments

Net investments amounted to DKK 308m compared to DKK 89m in 2015. Acquisition of companies aggregated DKK 261m compared to 40m in 2015 while investments in software and property, plant and equipment aggregated DKK 49m, just slightly less than the previous year (DKK 52m).

Financial position

At 31 December 2016, cash and cash equivalents totalled DKK 94m, while undrawn credit facilities amounted to DKK 44m. Accordingly, total available cash resources amounted to DKK 138m against DKK 256m at the same time the year before. Wrist has entered into agreements on long-term committed credit facilities enabling both current operations and planned expansion.

The net interest-bearing debt (NIBD) amounted to DKK 666m at 31 December 2016 (DKK 469m at the end of 2015). The net interest-bearing debt as a ratio to like-for-like EBITDA stood at 3.2 by the end of 2016 against 2.1 the year before.

Subsequent events

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

Outlook for 2017

The shipping industry expects 2017 to be another challenging year in all of Wrist's segments. Activity in the ship supply markets is dependent on the spend per ship and the number of ships in operation, and the growth in seaborne transportation is driven by the global economic growth. However, Wrist expects to continue capturing market share. The outlook in the offshore oil & gas markets is depressed due to continued low oil prices and therefore a weak demand for drilling rigs and offshore support vessels.

Despite negative market drivers, Wrist continues investing in strategic projects like global business system development and roll-out, facility upgrades and footprint expansion. Wrist's recent acquisitions have strengthened the Group's position in key market segments. Combined with the set-up of green field operations, it will underpin Wrist's strong market position and the strength of its business model. The continued focus on developing a robust and stable logistics and digital infrastructure – supported by financial resources, a global presence, agility and the high quality of its products and services – remains the mainstay of the business.

Overall, Wrist anticipates organic growth in sales, benefitting from the Group's strong market position and constant enhancements of its business model. For 2017, Wrist expects total sales to grow to DKK 4.2-4.4bn and an increase in the operating profit (EBITDA) around 20%. This outlook assumes foreign exchange rates at the current levels.

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the annual report of Wrist Ship Supply A/S for the financial year 1 January - 31 December 2016.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2016 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2016.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 8 March 2017

Executive Board

Robert Steen Kledal
CEO

Anders Skipper
Executive Vice President, CFO

Søren Juul Jørgensen
Executive Vice President, CCO

Martin Gaard Christiansen
Executive Vice President

Board of Directors

Søren Dan Johansen
Chairman

Tom Sten Behrens-Sørensen

Kurt Kokhauge Larsen

Håkan Petter Samlin

INDEPENDENT AUDITOR’S REPORT

To the shareholders of Wrist Ship Supply A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of for the financial year 1 January - 31 December 2016, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31 January 2016, and of the results of their operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the consolidated financial statements and the parent financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events

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

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

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

Copenhagen, 8 March 2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Erik Lynge Skovgaard Jensen
State-Authorised Public Accountant

Rasmus Brodd Johnsen
State-Authorised Public Accountant

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS

	Note	2016 DKK'000	2015 DKK'000
Net Sales	2	4,066,729	3,674,577
Cost of sales		-3,095,911	-2,742,133
Gross profit		**970,818**	**932,444**
Other external expenses	3	-279,848	-253,550
Staff costs	4	-485,640	-452,531
Other operating income		181	0
Other operating expenses		0	1,235
Depreciation and amortisation	5	-55,971	-37,506
Operating profit before interest and tax (EBIT)		**149,540**	**190,092**
Financial income	6	1,860	1,712
Financial expenses	7	-72,111	-53,284
Profit before tax (EBT)		**79,289**	**138,520**
Income tax	8	-18,758	-33,852
Net profit for the year		**60,531**	**104,668**
Attributable to:			
Shareholders of Wrist Ship Supply A/S		60,445	104,555
Non-controlling interests		86	113

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	2016 DKK'000	2015 DKK'000
Net profit for the year		60,531	104,668
Other comprehensive income			
Items that can be reclassified to the income statement when certain conditions are met:			
Exchange differences, foreign entities		-39,370	20,625
Fair value adjustment for the year relating to hedging instruments		2,619	905
Tax relating to hedging instruments		-576	-212
Total comprehensive income		**23,204**	**125,986**
Attributable to:			
Shareholders of Wrist Ship Supply A/S		23,118	125,873
Non-controlling interests		86	113
		23,204	**125,986**

CONSOLIDATED CASH FLOW STATEMENTS

	Note	2016 DKK'000	2015 DKK'000
Profit before tax (EBT)		79.289	138.520
Amortisation and depreciation		55.971	37.506
Working capital changes	19	-115	-9.799
Adjustments for non-cash items	20	64.337	52.549
Cash flow from ordinary operating activities		**199.482**	**218.776**
Financial income		1.860	1.712
Financial expenses		-41.925	-47.880
Income taxes refunded/paid		-22.273	-29.363
Cash flow from operating activities (CFFO)		**137.144**	**143.245**
Acquisition etc. of intangible assets		-14.881	-15.020
Acquisition etc. of property, plant and equipment		-34.396	-37.495
Sale of property, plant and equipment		1.953	2.694
Acquisition of enterprises		-261.017	-39.620
Cash flow from investing activities (CFFI)		**-308.341**	**-89.441**
Loans raised		218.850	39.617
Instalments on loans etc.		-143.574	-39.766
Other cash flows from financing activities		838	257
Cash flows from financing activities		**76.114**	**108**
Cash flow for the year		**-95.083**	**53.912**
Cash and cash equivalents at 1 January		185.911	132.169
Currency translation adjustments of cash and cash equivalents		3.496	-171
Cash and cash equivalents at 31 December		**94.324**	**185.911**

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

In 2016 Cash position DKK 12m are with restriction to payment of capex expected utilized in Q1 2017.

CONSOLIDATED BALANCE SHEETS, ASSETS

	Note	2016 DKK'000	2015 DKK'000
Goodwill		618,967	380,728
Software		38,228	33,031
Other intangible assets		45,526	0
Intangible assets in development		15,110	11,732
Intangible assets	9	**717,831**	**425,491**
Land and buildings		69,809	75,033
Fixtures and fittings, tools and equipment		77,644	80,662
Leasehold improvements		19,394	18,892
Ships		24,075	25,229
Prepayments for property, plant and equipment		2,825	0
Property, plant and equipment	10	**193,747**	**199,815**
Deferred tax assets	13	9,727	16,047
Other non-current assets		**9,727**	**16,047**
Total non-current assets		**921,305**	**641,353**
Inventories		**238,384**	**218,230**
Trade receivables	15	680,171	574,949
Receivables from group enterprises		15,528	14,322
Income tax receivable		7,280	1,467
Other receivables		78,692	73,810
Prepayments		9,569	7,295
Receivables		**791,240**	**671,843**
Cash and cash equivalents		**94,324**	**185,911**
Total current assets		**1,123,948**	**1,075,984**
Total assets		**2,045,253**	**1,717,337**

CONSOLIDATED BALANCE SHEETS, EQUITY AND LIABILITIES

	Note	2016 DKK'000	2015 DKK'000
Share capital		16,112	16,112
Foreign currency translation reserve		-1,294	38,076
Hedging reserves		367	-1,676
Retained earnings		471,049	410,604
Shareholders´ share of equity		**486,234**	**463,116**
Non-controlling interests		**174**	**88**
Total equity		**486,408**	**463,204**
Deferred tax	13	13,306	6,892
Provisions	16	9,278	7,672
Accrual for straight-line lease expense		15,882	14,480
Debt to mortgage credit institutions	17	2,841	2,998
Debt to credit institutions	17	592,294	489,688
Leasing debt	17	30,151	34,117
Other debt	17	0	42
Total non-current liabilities		**663,752**	**555,890**
Instalment of non-current debt next year	17	111,453	91,673
Provisions	16	137	19
Trade creditors		506,975	379,303
Debt to group enterprises		36,587	38,273
Corporate tax		8,108	7,185
Other payables	18	183,128	175,668
Deferred income		48,705	6,122
Total current liabilities		**895,093**	**698,243**
Total liabilities		**1,558,845**	**1,254,133**
Total equity and liabilities		**2,045,253**	**1,717,337**

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Consolidated statement of shareholders' equity

DKK'000	Share capital	Retained earnings	Foreign currency translation adjustment	Hedging reserves	Wrist Ship Supply's share	Non-controlling interests	Total
Shareholders' equity at 1 January 2016	**16,112**	**410,604**	**38,076**	**-1,676**	**463,116**	**88**	**463,204**
Net profit for the year	0	60,445	0	0	60,445	86	60,531
Exchange differences, foreign entities	0	0	-39,370	0	-39,370	0	-39,370
Fair value adjustment for the year relating to hedging instruments	0	0	0	2,619	2,619	0	2,619
Tax relating to hedging instruments	0	0	0	-576	-576	0	-576
Total comprehensive income	**0**	**60,445**	**-39,370**	**2,043**	**23,118**	**86**	**23,204**
Shareholders' equity at 31 December 2016	**16,112**	**471,049**	**-1,294**	**367**	**486,234**	**174**	**486,408**
Shareholders' equity at 1 January 2015	**16,112**	**306,049**	**17,451**	**-2,369**	**337,243**	**-25**	**337,218**
Net profit for the year	0	104,555	0	0	104,555	113	104,668
Exchange differences, foreign entities	0	0	20,625	0	20,625	0	20,625
Fair value adjustment for the year relating to hedging instruments	0	0	0	905	905	0	905
Tax relating to hedging instruments	0	0	0	-212	-212	0	-212
Total comprehensive income	**0**	**104,555**	**20,625**	**693**	**125,873**	**113**	**125,986**
Shareholders' equity at 31 December 2015	**16,112**	**410,604**	**38,076**	**-1,676**	**463,116**	**88**	**463,204**

Number of shares is 16,112 with the nominel value of DKK 1,000.

No dividend was declared in 2016 or 2015.

NOTES TO THE CONSOLIDATED STATEMENTS

1 Application of new and revised International Financial Reporting Standards (IFRSs)

Amendments to IFRSs that are mandatorily effective for the current year
New and revised standards and interpretations that are mandatorily effective as per 1 January 2016 have been implemented. The application of these standards and interpretations has not resulted in any impact on the financial performance or financial position of the Group.

New and revised IFRSs in issue but not yet effective
At the time of publication of the 2016 consolidated financial statements of Wrist Ship Supply A/S, there are a number of new or changed standards and interpretations which have not yet come into effect and which therefore have not been incorporated into the consolidated financial statements.

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

Wrist Ship Supply Group will implement IFRS 15 in the financial year 2018, using the more gentle transition requirements with no adjustments of comparative figures, and where the effect is included in the retained earnings per 1 January 2018.

The Group recognises revenue from the following major sources:
- Sale of goods directly to ships and offshore facilities
- Sale of goods through “Provision Management Service”

Wrist Ship Supply Group is currently analysing the potential effects of IFRS 15, and the preliminary analysis indicates that the more detailed requirements on identifying performance obligations as well as the requirements on determining whether revenue should be recognised over time or at a point in time may to some extent affect the timing of future revenue recognitions. The set-up regarding “Provision Management Service” is assessed to be compliant with IFRS 15.

The directors are still in the process of assessing the full impact of the application of IFRS 15 on the Group’s financial statements and it is not practicable to provide reasonable financial estimate of the effect until the directors complete the detailed review. As a result, the above preliminary assessment is subject to change.

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

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

Wrist Ship Supply Group is currently analysing the potential effects of IFRS 9, and the preliminary analysis indicates a change in the provisions for bad debts, which will be based on expected losses and not incurred losses. The extent of hedging is currently at a minimum. IFRS 9 is not expected to change the classification of financial assets.

The directors are still in the process of assessing the full impact of the application of IFRS 9 on the Group's financial statements. The application of IFRS 9 is not expected to have any material impact on future consolidated financial statements.

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

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

The directors are to begin the assessment of the impact of IFRS 19 during 2017.

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

Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies, which are described in note 26, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The key assumptions used in the impairments tests of goodwill are disclosed in note 11.

Revenue recognition

Revenue for the sale of goods is recognised in accordance with IAS 18, when Wrist Ship Supply Group has transferred to the customer the significant risks and rewards of ownership of the goods. As part of the Group's activities, Wrist offers a "Provision Management Service", where the global supply costs are settled through a fixed monthly invoice based on a victualling rate per man per day. However, Wrist has transferred all significant risks and rewards related to the goods upon delivery alongside the ships, including any risk of physical damage to the goods, and do not have any continuing managerial involvement in the goods. Because of the possible disconnection between the timing of the delivery of the goods, the actual consumption of the goods by the ship and the invoicing of the victualling rate, there are some uncertainties as to the actual amount of consideration that will be received for the goods delivered. However, the uncertainty is not significant enough to warrant postponement of the recognition of the revenue. Thus, management expects that the consideration will in all cases cover Wrists costs related to the goods delivered as a minimum. Therefore, revenue related to the unconsumed and not invoiced part of goods delivered is recognised at an amount that equals cost and included as a contract asset as part of the trade receivables.

		2016 DKK'000	2015 DKK'000
2	**Net Sales**		
	Europe	2,151,434	2,089,212
	North America	1,056,952	1,110,779
	Asia	423,389	240,632
	Middle East and Africa	350,207	199,554
	Other regions	84,747	34,400
		4,066,729	**3,674,577**
	Hereof sales of services	**50,363**	**43,700**

The Group is not listed or in the process of becoming listed, and no segment information is disclosed according to IFRS. Revenue is split between geographical regions. This information does not amount to segment information to IFRS.

		2016 DKK'000	2015 DKK'000
3	**Fees to auditors appointed at the annual general meeting**		
	Statutory audit	2,615	2,506
	Tax and VAT services	352	903
	Other services	893	2,855
	Fees to auditors	**3,860**	**6,264**
	Statutory audit (other auditors)	386	234
	Other engagement services (other auditors)	35	118
	Tax and VAT services (other auditors)	44	61
	Other services (other auditors)	90	493
	Other fees	**555**	**906**
		4,415	**7,170**

4 Staff costs

	2016 DKK'000	2015 DKK'000
Wages and salaries	413,132	384,078
Pension costs	21,872	18,172
Other social security costs	18,931	17,598
Other staff costs	31,705	32,683
	485,640	**452,531**

Global:		
Average number of full-time employees at 31 December	1,183	1,167
Number of full-time employees at 31 December	1,249	1,216
Denmark:		
Average number of full-time employees at 31 December	249	247
Number of full-time employees at 31 December	250	256

4 Staff costs continuing

DKK'000	Board of Directors	Executive Board	Other top manage-ment	Total
Remuneration	360	0	0	360
Salary	0	7,217	8,230	15,447
Bonus	0	5,926	1,591	7,517
Pension, company contributions	0	76	645	721
Benefits (car, housing, phone etc.)	0	1,272	1,293	2,565
Cost at 31 December 2016	**360**	**14,491**	**11,759**	**26,610**
Remuneration	380	0	0	380
Salary	0	5,424	8,796	14,220
Bonus	0	5,023	2,675	7,698
Pension, company contributions	0	70	396	466
Benefits (car, housing, phone etc.)	0	1,309	1,402	2,711
Cost at 31 December 2015	**380**	**11,826**	**13,269**	**25,475**

The Executive Board and a number of members of other top management in both the parent company and in the Group are comprised by special bonus arrangements based on individual performance targets. For the Executive Board the bonus payments are maximized at 75% - 130% of the individual basic salary, and for other top management these vary between 10% to 60% of the individual basic salary. The bonus arrangements are unchanged compared to previous year.

Certain employees and members of management have in March 2012, January 2014 and May 2015 acquired warrants and shares in the parent Wrist Ship Supply Holding A/S at the fair value of the warrants and shares at the date of acquisition. The warrants and shares are fully vested. The warrants outstanding at 31 December 2016 are exercisable in the period of 28 January to 28 February 2018 or if Wrist Ship Supply Holding A/S is sold or becomes listed before those dates. However, exercise also requires that certain thresholds for increase in the fair value of the shares in Wrist Ship Supply Holding A/S are achieved.

4 Staff costs continuing

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

Number of outstanding warrants	**Warrants**	**Excercise prices**	**Weighted avarage remaining contractual life**
1 January 2015	579	8,700 - 64,808	37 months
Issued during the period	1,101		
31 December 2015	1,680	8,700 - 64,808	26 months
Exercised	-549		
31 December 2016	1,131	41,169 - 64,808	14 months

		2016 DKK'000	2015 DKK'000
5	**Depreciation and amortisation**		
	Amortisation of intangible assets	17,111	2,678
	Depreciation of property, plant and equipment	38,860	34,828
		55,971	**37,506**
6	**Financial income**		
	Financial income arising from Group enterprises	157	75
	Interest income	666	451
	Other financial income	1,037	1,186
		1,860	**1,712**
7	**Financial expenses**		
	Financial expenses from group enterprises	1,291	1,234
	Interest expenses	36,875	30,011
	Exchange rate adjustments	17,073	6,480
	Financial leasing	2,864	2,975
	Other financial expenses	14,008	12,584
		72,111	**53,284**

	2016	2015
	DKK'000	DKK'000

8 Income tax

	2016	2015
Current tax:		
Current tax on profit for the year	16,418	24,495
Adjustment in respect of prior years	758	794
Total current tax	17,176	25,289
Deferred tax:		
Adjustment of deferred tax asset/liability	4,672	9,346
Adjustment of deferred tax asset/liability in respect of prior years	-3,090	-783
Total deferred tax	1,582	8,563
Total income tax	**18,758**	**33,852**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profit of the consolidated entities as follows:

	2016	2015
Earnings before tax	**79,289**	**138,520**
Calculated tax at Danish statutory rate of 22% in 2016 (23.5% 2015)	17,444	32,552
Effect of difference in tax rate in foreign subsidiaries	2,013	-771
Adjustment in respect of prior years	-2,332	-327
Effect from change in local tax rate	0	-781
Income/expenses not subject to tax	1,633	3,179
Tax charge	**18,758**	**33,852**

The changes in local tax rate is related to deferred tax in individual countries and is due to the gradual decrease in corporate tax rates. The effect in 2015 is due to changes in the timing of reversals of the temporary differences compared to the initial estimate.

9 Intangible assets	Software DKK'000	Goodwill DKK'000	Other intangible assets	Intangible assets in development DKK'000	Total DKK'000
Cost at 1 January 2016	**70,794**	**380,728**	**0**	**11,732**	**463,254**
Exchange rate adjustments	1,347	-46,294	1,271	0	-43,676
Additions	4,515	0	0	10,135	14,650
Additions from acquisitions	0	284,533	54,476	0	339,009
Transfer to software	6,757	0	0	-6,757	0
Total cost at 31 December 2016	**83,413**	**618,967**	**55,747**	**15,110**	**773,237**
Amortisation at 1 January 2016	**37,763**	**0**	**0**	**0**	**37,763**
Exchange rate adjustments	147	0	385	0	532
Amortisation for the year	7,275	0	9,836	0	17,111
Total amortisation at 31 December 2016	**45,185**	**0**	**10,221**	**0**	**55,406**
Carrying amount at 31 December 2016	**38,228**	**618,967**	**45,526**	**15,110**	**717,831**
Cost at 1 January 2015	**35,331**	**322,155**	**0**	**29,859**	**387,345**
Exchange rate adjustments	2,688	27,575	0	0	30,263
Additions	118	30,998	0	14,530	45,646
Transfer to software	32,657	0	0	-32,657	0
Total cost at 31 December 2015	**70,794**	**380,728**	**0**	**11,732**	**463,254**
Amortisation at 1 January 2015	**31,830**	**0**	**0**	**0**	**31,830**
Exchange rate adjustments	3,255	0	0	0	3,255
Amortisation for the year	2,678	0	0	0	2,678
Total amortisation at 31 December 2015	**37,763**	**0**	**0**	**0**	**37,763**
Carrying amount at 31 December 2015	**33,031**	**380,728**	**0**	**11,732**	**425,491**

	Land and buildings DKK'000	Fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Ships DKK'000	Prepayments for property, plant and equipment DKK'000	Total DKK'000
10 Property, plant and equipment						
Cost at 1 January 2016	**101,608**	**213,298**	**36,247**	**34,296**	**0**	**385,449**
Exchange rate adjustments	523	-7,295	700	0	-3	-6,075
Additions	892	26,033	3,597	1,046	2,828	34,396
Additions from acquisitions	0	5,226	1,979	0	0	7,205
Disposals	0	-15,593	-2,221	-30	0	-17,844
Total cost as at 31 December 2016	**103,023**	**221,669**	**40,302**	**35,312**	**2,825**	**403,131**
Depreciation at 1 January 2016	**26,575**	**132,636**	**17,355**	**9,067**	**0**	**185,633**
Exchange rate adjustments	122	-4,618	429	0	0	-4,067
Depreciation for the year	6,517	25,938	4,221	2,184	0	38,860
Additions from acquisitions	0	3,566	1,103	0	0	4,669
Reversal regarding disposals	0	-13,497	-2,200	-14	0	-15,711
Depreciation at 31 December 2016	**33,214**	**144,025**	**20,908**	**11,237**	**0**	**209,384**
Carrying amount at 31 December 2016	**69,809**	**77,644**	**19,394**	**24,075**	**2,825**	**193,747**
Hereof financial leasing	**28,151**	**253**				
Cost at 1 January 2015	**98,579**	**205,105**	**32,186**	**35,039**	**593**	**371,502**
Exchange rate adjustments	2,073	7,301	2,383	0	10	11,767
Additions	2,370	33,929	6,218	52	-8	42,561
Disposals	-462	-26,698	-6,025	-795	0	-33,980
Reclassifications	-952	-6,339	1,485	0	-595	-6,401
Total cost at 31 December 2015	**101,608**	**213,298**	**36,247**	**34,296**	**0**	**385,449**
Depreciation at 1 January 2015	**20,395**	**137,021**	**16,390**	**7,877**	**0**	**181,683**
Exchange rate adjustments	767	5,463	1,750	0	0	7,979
Depreciation for the year	5,980	22,358	4,505	1,985	0	34,828
Reversal regarding disposals	-462	-25,590	-5,610	-795	0	-32,457
Reclassifications	-105	-6,616	320	0	0	-6,401
Total depreciation at 31 December 2015	**26,575**	**132,636**	**17,355**	**9,067**	**0**	**185,633**
Carrying amount at 31 December 2015	**75,033**	**80,662**	**18,892**	**25,229**	**0**	**199,816**
Hereof financial leasing	**29,045**	**405**				

11 Impairment test

Goodwill

Besides goodwill there are no intangible assets with indefinite useful lives. At 31 December 2016, the CGUs Ship Supply, North America and Offshore accounted for DKK 234m, (2015: DKK 0m) 211m (2015: DKK 201m) and 150m (2015: DKK129m)of the consolidated goodwill. Goodwill allocated across multiple CGUs for which the goodwill so allocated to each unit is not significant amounts to DKK 23m (2015: DKK 50m). Wrist Ship Supply Group performed impairment test of the carrying amount of goodwill at 31 December 2016 based on value in use. Impairment testing is performed in Q4 each year, based on the budgets or business plans approved by the Board of Directors.

The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of the expected future free cash flow, with the carrying amount of the individual cash-generating units. The expected future free cash flow is based on budgets and projections for subsequent years. Key parameters include net sales, gross profit margin, EBIT margin and future capital expenditure, and general growth expectations for the years after 2020.

Budgets and projections for the 2017-2020 period are based on business plans and external market surveys, assessing risks associated with key parameters and incorporating these in expected future free cash flows. The value for the period after 2020 takes in account the general growth expectations of the ship supply and offshore industries.

Growth rates are not expected to exceed the average long-term growth rate in the Group’s market for supplying provisions to the global ship fleet, so a growth rate of 1% is used in the terminal period.

The discount rates used to calculate the recoverable amounts are after tax, and reflect the risk-free interest plus specific risks associated with the individual geographic segments. The discount rates for the individual segments are Ship Suppy 8.3% and 8.8% before tax North America 9.4% and 10.6 % before tax (2015: 9.2% and 10.6% before tax), and offshore 9.2% and 9.8% before tax (2015: 9.6% and 10.2% after tax).

11 Impairment test continuing

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

	Increase in EBIT from 2017 until terminal period	Increase of Net Working Capital from 2017 until terminal period
2016		
Ship Supply	10%	10%
North America	10%	10%
Offshore	4%	4%
2015		
North America	11%	11%
Offshore	11%	11%

The impairment tests performed at 31 October 2016 for Ship Supply, North America and Offshore indicate significantly higher capital values of the assets compared to the carrying amounts, and the impairment tests are therefore not sensitive to changes in the significant conditions and factor.

12 Subsidiaries

Company name	Registered office in	City	Ownership share %
Wrist Far East (Singapore) Pte. Ltd.	Singapore	Singapore	100
Wrist Far East (Malaysia) SDN BHD	Malaysia	Jahor Bahru	100
Wrist Middle East (U.A.E.) LLC	Dubai, U.A.E.	Dubai	49 *
H.S. Hansen A/S	Denmark	Nørresundby	100
Danish Supply Corporation A/S	Denmark	Esbjerg	100
Saga Shipping A/S	Denmark	Skagen	100
Aalborg Trosseføring ApS	Denmark	Skagen	70
Gasværksvej Aalborg A/S	Denmark	Nørresundby	100
Skagen Lodseri A/S	Denmark	Skagen	100
Wrist Offshore Supply A/S	Denmark	Nørresundby	100
Wrist Africa Tanger SARL	Marocco	Tanger	100
J.A. Arocha S.L.	Spain	Las Palmas	100
Wrist Ship Supply Spain S.L.	Spain	Algeciras	100
Wrist Europe (Gibraltar) Ltd.	Gibraltar	Gibraltar	100
Wrist Europe (Marseille) SAS	France	Marseille	100
Wrist Europe (Norway) AS	Norway	Haugesund	100
Wrist-Kooyman Ship Supply B.V.	Netherlands	Rotterdam	100
Wrist Holding UK Ltd.	United Kingdom	London	100
Strachans Ltd.	United Kingdom	Peterhead	100
Wrist North America Inc.	USA	Pasadena	100
Marwest dba West Coast LLC	USA	Oakland	100
East Coast Ship Supply LLC	USA	New Jersey	100
Wrist USA (Houston) Inc	USA	Pasadena	100
World Delivery Enterprises LLC	USA	Pasadena	100
Karlo Corporation Supply & Services	Canada	Montreal	100
Wrist Hong Kong Trading Company Ltd.	Hong Kong	Hong Kong	100
Wrist Shenzhen Trading Company Ltd.	China	Shenzhen	100
North Sea Stores Ltd.	United Kingdom	Aberdeen	100
Den Helder Stores B.V.	Netherlands	Den Helder	100
Wrist Holding NL B.V.	Netherlands	Rotterdam	100
Wrist Ship Supply Germany GmbH	Germany	Hamburg	100
Garrets (Holdings) Limited	United Kingdom	Romford	100
Garrets Bidco Limited	United Kingdom	Romford	100
Garrets International Limited	United Kingdom	Romford	100
Garrets International Singapore Pte. Limited	United Kingdom	Romford	100

* Wrist Middle East (UAE) LLC is controlled 100% by Wrist Ship Supply A/S according to shareholders agreement.

13 Deferred tax assets and deferred tax liabilities

2016 DKK'000	Deferred tax, intangible assets	Deferred tax, tangible assets	Deferred tax, financial non-current assets	Deferred tax, current assets	Deferred tax, provisions	Deferred tax, long term liabilities	Deferred tax, short term liabilities	Total deferred tax
Deferred tax begining of year	**7,393**	**891**	**0**	**-22,073**	**-5,096**	**9,248**	**483**	**-9,155**
Charge to the income statement	-1,303	266	-523	2,846	-2,266	3,084	-523	1,582
Change from acquisitions	10,594	0		0	0	0	0	10,594
Exchange rate adjustments	-2	-34	0	317	-178	278	15	396
Other adjustments	53	91	0	0	-7	-8	33	162
Deferred tax end of year	**16,735**	**1,214**	**-523**	**-18,910**	**-7,547**	**12,602**	**8**	**3,579**

Deferred tax is presented in the balance sheet as follows:	
Deferred tax asset	9,727
Deferred tax liability	13,306
Deferred tax asset year end, net	-3,579

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

2015 DKK'000	Deferred tax, intangible assets	Deferred tax, tangible assets	Deferred tax, financial non-current assets	Deferred tax, current assets	Deferred tax, provisions	Deferred tax, long term liabilities	Deferred tax, short term liabilities	Total deferred tax
Deferred tax begining of year	**-106**	**1,790**	**0**	**-21,998**	**-3,191**	**4,416**	**-54**	**-19,143**
Charge to the income statement	5,449	-144	0	1,191	-1,289	3,010	347	8,563
Exchange rate adjustments	2,050	-793	0	-1,265	-750	1,822	190	1,253
Other adjustments	0	39	0	0	133	0	0	172
Deferred tax end of year	**7,393**	**891**	**0**	**-22,073**	**-5,096**	**9,248**	**483**	**-9,155**

Deferred tax is presented in the balance sheet as follows:	
Deferred tax asset	16,047
Deferred tax liability	6,892
Deferred tax asset year end, net	9,155

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

14 Acquisition of companies

28 January 2016, Wrist announced its acquisition of market-leading Garrets International.

Garrets is a business, dedicated to the handling of consumable budgets and delivery of provisions and stores to ships all over the world. Garrets serve more than 1,000 ships around the world with high focus on quality based on an agreed daily rate. Through mutual trust and transparency, long-term partnerships are built with the customers

Garrets integration with Wrist Ship Supply Group will reinforce the Group's global proposition to customers, enhancing its ability to support welfare on board and at the same time securing more resources for the ongoing development of value-adding service tools for crews and ensure a sales channel for the Ship Supply business which is valued in the goodwill.

The acquisition price for 100% of the shares was DKK 289m.

The impact from the acquisition is DKK 513m in Net Sales and by DKK 7.3m in Net Profit, prior to acquisition related financing expenses. If the acquisition was recognised from 1 January 2016, the net sales impact is DKK 559m and net profit DKK 8.2m.

Cost relating to the acquisition are DKK 6.8m.

Non-current assets	
Customer relations	54,476
Fixtures and Equipment	2,536
Current assets	
Account receivable	101,688
Provisons for impairment of trade receivables	-2,278
Other current recievables	16,849
Cash and cash equivalents	31,102
Non-current and current liabilities	
Provisions	-11,089
Loans	-29,938
Accounts payable	-108,101
Other debt	-50,675
Acquired net assets	**4,570**
Goodwill	284,533
Consideration paid in cash	**289,103**
Cash and cash equivalents acquired	-31,102
Cash flow from acquisition of enterprises	**258,001**

Further more Wrist Ship Supply Group has acquired companies for DKK 2.7m.

		2016 DKK'000	2015 DKK'000
15	**Trade receivables**		
	Trade receivables	651,676	595,496
	Contract assets	46,915	0
	Provisions for impairment of trade receivables	-18,420	-20,547
		680,171	**574,949**
	Impairment losses at 1 January	-20,547	-23,963
	Exchange rate adjustments	2,023	-868
	Impairment losses in the year	-642	2,675
	Realised in the year	746	1,609
	Impairment losses at 31 December	**-18,420**	**-20,547**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Overdue trade receivables not written down are broken down as follows:

	2016 DKK'000	2015 DKK'000
Overdue 1-30 days	117,548	130,136
Overdue 31-60 days	53,124	45,724
Overdue 61-90 days	26,094	22,596
Over 90 days	35,875	35,599
	232,641	**234,055**

Included in the provision for impairment of trade receivables are individually impaired trade receivables amounting to DKK 9,932 (31 December 2015: DKK 9,046).

16 Provisions

DKK'000	Provisions for pension and pension-like liabilities	Provisions for restoration liabilities	Provisions for dismantling liabilities	Total provisions
Provisions at 1 January 2016	**1,253**	**3,460**	**2,979**	**7,692**
Additions from acquisitions	0	495	0	**495**
Increase	43	364	560	**967**
Discounting interests	0	198	72	**270**
Decrease	-35	0	0	**-35**
Exchange rate adjustments	-1	15	12	**26**
Provisions at 31 December 2016	**1,260**	**4,532**	**3,623**	**9,415**
Non-current provisions	**1,260**	**4,532**	**3,486**	**9,278**
Current provisions	**0**	**0**	**137**	**137**
Provisions at 1 January 2015	**1,290**	**2,913**	**2,395**	**6,598**
Increase	71	366	413	**850**
Discounting interests	0	180	61	**241**
Decrease	-99	0	0	**-99**
Exchange rate adjustments	-9	1	110	**102**
Provisions at 31 December 2015	**1,253**	**3,460**	**2,979**	**7,692**
Non-current provisions	**1,234**	**3,460**	**2,979**	**7,673**
Current provisions	**19**	**0**	**0**	**19**

Provisions for restoration liabilities are where the Group has an obligation to restore rented facilities upon vacating such facilities.
Provisions for dismantling liabilities are where the Group is obligated to dismantle assets placed in rented facilities.
Provisions for pension and pension-like liabilities are where the Group is obligated to pay anniversary bonuses etc.

17 Total non-current liabilities

	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstand-ing after 5 years DKK'000
Debt to mortgage credit institutions	159	1,033	1,808
Leasing debt	1,773	30,151	0
Debt to credit institutions	99,795	592,294	0
Other debt	9,726	0	0
	111,453	**623,478**	**1,808**

18 Other payables

	2016 DKK'000	2015 DKK'000
Social security and other related expenses	48,758	43,092
Customer bonuses	41,877	19,885
Commissions	43,537	48,121
VAT	3,424	4,299
Financial instruments - market value	0	2,253
Other accrued expenses	45,532	58,018
	183,128	**175,669**

19 Change in working capital

	2016 DKK'000	2015 DKK'000
Increase/decrease in inventories	-22,536	-5,283
Increase/decrease in receivables	123,595	89,686
Increase/decrease in trade payables etc.	-101,174	-94,202
	-115	**-9,799**

20 Adjustments for non-cash items

	2016 DKK'000	2015 DKK'000
Financial income and expenses	61,927	51,571
Gains/losses from sale of non-current assets	181	-1,235
Change in provisions	2,229	2,213
	64,337	**52,549**

21 Mortgages and collateral

Land and buildings have been used to secure mortgage loans totalling DKK 3,000k. The book value is DKK 6,346k as at 31 December 2016.

Joint taxation arrangement

The company is party to a mandatory Danish joint taxation arrangement with Wrist Adm ApS serving as the administration company. The joint taxation arrangement complies with general Danish tax legislation and has included other Danish sister companies due to common ultimate ownership. Due to the joint taxation, under Danish tax legislation, the company is subject to partial joint and secondary liability from the financial year 2013 for income taxes etc. for the jointly taxed companies, and from 1 July 2012 also partial joint and secondary liability for obligations, if any, relating to withholding of tax on interest, royalties and dividend for the jointly taxed companies. In both cases, however, secondary liability cannot exceed an amount equivalent to the share of capital of the company which is owned directly or indirectly by the ultimate parent. Tax liabilities concerning sister companies previously included in the joint tax arrangement and for which the company may be jointly liable as described above are covered by an indemnification agreement with W.S.S. Holding A/S.

22 Lease commitments

Financial lease commitments

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

The Group is obligated to purchase Gasværksvej 46-48, Denmark in 2020 for DKK 25m.

Tenants have rental commitments vis-à-vis Wrist Ship Supply A/S in period of notice DKK 6,714k.

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

2015	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstanding after 5 years DKK'000
Minimum lease payments	3,550	39,198	0
Present value of minimum lease payments	3,283	27,776	0

22 Lease commitments continuing

Operational lease commitments

Operating leases related to leases of building and equipment with lease terms between 5 and 10 years. The Group does not have an option to purchase the leased building or equipment at the end of the lease terms.

2016	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstanding after 5 years DKK'000
Minimum lease payments	51,922	168,502	94,129
Present value of minimum lease payments	48,538	133,481	58,823

2015	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstanding after 5 years DKK'000
Minimum lease payments	42,302	139,621	95,503
Present value of minimum lease payments	40,165	116,652	64,851

	2016 DKK'000	2015 DKK'000
Minimum lease payments in the profit for the year	49,763	40,158

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

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

23 Related parties and group relations

Related parties of the company are Wrist Ship Supply Holding A/S, W.S.S. Holding A/S, O.W. Lux SARL and their subsidiaries.

Altor Fund II GP Limited, Jersey controls W.S.S. Holding A/S, which is the upper Danish holding company of the Group.

Transactions with parent entities.

	2016 DKK'000	2015 DKK'000
Financial items, net	-1,138	-1,160
Financial receivables	11,695	1,955
Financial payables	-36,499	-38,364

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

24 Financial risks and financial instruments

Financial risk factors refer to fluctuations in the Group's results, cash flows and financial position due to changes in financial exposure. The overall objective of risk monitoring and control is to provide cost-effective financing and to minimise potential adverse impacts from market fluctuations.

Exchange rate risk

The Group's business activities are predominantly based in USD, GBP, SGD and EUR, and many credit facilities are denominated in DKK, USD and GBP (currencies listed according to the size of aggregated amounts). In order to reduce the exchange rate risk, Wrist aims to match costs and revenues, as well as assets and liabilities, through representation in the countries in which Wrist operates, and transacting in the functional currencies of the various business units. Therefore, most of the business has no or very limited transaction-related exchange rate exposure. Significant investments in foreign entities are financed in the investment currency. Consequently, material currency exposure for the Group is limited to translation risks related to foreign subsidiaries, and the loans taken out to finance these investments.

The Group is mainly exposed to the currencies USD and GBP.

The following table details the Group's sensitivity to a 10% increase in USD and GBP. The sensitivity analysis includes investments in relevant subsidiaries and external debt, where the debt is denominated in the relevant currency. A positive number indicates an increase in profit/(loss) or equity where the currency strengthens 10% against DKK at the balance sheet date. A 10% weakening of the currency would have a comparable but opposite impact on profit/(loss) and equity.

	USD impact		GBP impact	
	2016	2015	2016	2015
Impact on profit/(loss) from translation of debt and investments in subsidiaries	-7,033	10,215	-725	-1,294
Impact on equity from translation of debt and investments in subsidiaries	1,048	17,615	39,497	11,426

Interest rate risk

The interest rates of credit facilities are variable. Wrist uses derivative contracts to hedge the interest rate risks, and cand currently the company has chosen to hedge approx. 2/3 of such risks for a period of 27 months. Under the interest rate derivative contracts, the Group agrees to exchange the difference between fixed and floating-rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable-rate debt.

24 Financial risks and financial instruments continuing

Derivative financial instruments hedging future cash flow

Currency and DKK	Currency	DKK'000	2016 Book value	2015 Book value
Loan USD, expiring March 2017	20,000	141,056	-4	-175
Loan DKK, expiring March 2017	113,333	113,333	-332	-1,377
Loan GBP, expiring March 2017	3,909	33,943	-78	-339
Loan GBP, expiring March 2017	4,000	41,118	-98	-362
Loan USD, expiring March 2019	16,946	119,517	728	0
Loan DKK, expiring March 2019	113,333	113,333	-764	0
Loan GBP, expiring March 2019	3,312	28,759	-117	0
Loan GBP, expiring March 2019	4,000	41,118	-208	0
Loan USD, expiring March 2019	15,960	112,563	1,343	0
			470	**-2,253**

Fair value adjusments on hedging instruments recognised in other comprehensive income in 2016 amounts to DKK 2.619k (2015: DKK 905k).

Interest rate sensitivity analysis:
If interest rates had been 100 basis points higher and all other variables constant, the Group's profit for the year ended 31 December 2016 would decrease by DKK 5m (2015: decrease by DKK 4m) due to the Group's exposure to interest rates on variable-rate borrowings, partly offset by a change in the fair value of interest rate derivative contracts.

The sensitivity analysis was based on the Group's exposure to floating-rate liabilities and derivatives at the end of the reporting period. For floating-rate liabilities, the analysis is based on the assumption that the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

Liquidity risk
Wrist has entered into a long-term committed financing agreement with credit facilities enabling both the current operations and planned expansion. Treasury management is centralised and ensures that sufficient financial resources are available to meet planned requirements. This is done by ensuring that the cash flow on a monthly basis matches the planned cash needs. The entities in the Wrist Ship Supply Group have a positive cash flow on a monthly basis. Wrist is in a sound financial position with significant positive cash flows from operating activities and adequate cash reserves.

24 Financiel risks and financial instruments continuing

Credit risk

Credit risk mainly relates to trade debtors, other receivables and cash at banks. The aggregate amounts recognised under these items in the balance sheet constitute the maximum credit risk. Receivables relate to shipping, ship management and catering companies. Credit risk associated with the shipping industry is handled by the global credit function, which monitors the creditworthiness of existing and new customers and assists in collection. Wrist conducts individual assessments of customer creditworthiness, and credit lines are managed globally. Cash is held with banks with high credit ratings.

Wrist Ship Supply Group measures financial instruments hedging future cash flow at fair value level 2.

Wrist does not have any assets or liabilities measured at fair value other than interest rate derivative contracts entered into to hedge future cash flows of floating-rate financing. Interest rate derivative contracts are measured at fair value based on discounted cash flows based on observable input (level 2). Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

The management is of the opinion that the carrying amounts of all other financial assets and liabilities recognised in the consolidated financial statements approximate their fair values.

Capital structure

The Company's management assesses whether the Group's capital structure is in line with the interests of the company and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. As of 31 December 2016, the Group's interest-bearing debt net comprise DKK 642 million (2015: DKK 469 million), which is considered a reasonable level compared to the current need for financial flexibility. There are no changes in the Group's guidelines and procedures for managing capital structure in 2016.

25 Events after the reporting period

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

26 Accounting policies

Accounting policies are as described below.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of Wrist Ship Supply A/S (the parent company) and entities controlled by Wrist Ship Supply A/S and its subsidiaries. Control is achieved when the parent company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Wrist Ship Supply A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature. All financial statements used for consolidation are presented in accordance with the accounting policies of the Group.

On consolidation, intercompany income and expenses, intercompany accounts and dividends as well as gains and losses on transactions between the consolidated entities are eliminated.

The items in the financial statements of the subsidiaries are recognised in full in the consolidated financial statements.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit/(loss) as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee* Benefits, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit/(loss) as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The measurement basis is decided on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment of goodwill is recognised directly in profit/(loss). An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit/(loss) on disposal.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into DKK using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of foreign operations (i.e. disposal of the Group's entire interest in foreign operations or disposal involving loss of control over a subsidiary that includes foreign operations, all of the exchange differences accumulated in equity in respect of such operations attributable to the owners of the parent company are reclassified to profit/(loss).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of foreign operations are treated as assets and liabilities of such foreign operations and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit/(loss), except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Income statement and statement of comprehensive income

Revenue recognition

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

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

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

Sale of goods through Wrist’s “Provision Management Service” results in a situation, where part of the goods delivered is not consumed by nor invoiced to the customer.

Due to certain uncertainties related to the actual amount of consideration to be received for such goods, until the goods are consumed by the customer, revenues related to these goods are recognised at amount that equals cost. When the goods are consumed by the customers, any additional considerations are recognised as revenue. The corresponding amount in the balance sheet is presented as a contract asset as part of the trade receivables.

Cost of sales

Cost of sales includes expenses incurred to purchase goods, adjusted for changes in inventories of goods for resale.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Employee benefits

Retirement benefit costs and termination benefits

Payments to defined-contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Wrist Ship Supply Group does not have any material defined-benefit plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits mainly consist of jubilee obligations, and are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature viewed in relation to the Group's primary activities, including gains (losses) from the sale of tangible and intangible non-current assets.

Balance sheet

Intangible assets

Software is recognised initially at cost including the directly attributable cost of preparing the software for its intended use. Software is amortised on a straight-line basis over the estimated useful life (3-5 years).

Internally generated assets arising from development are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources necessary to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The cost of internally generated assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above, and comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Property, plant and equipment

Sites and buildings, leasehold improvements as well as other facilities, equipment and fixtures are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the acquisition price, costs directly related to the acquisition and the costs of preparing the asset up until such time as the asset is ready for use. Land is not depreciated.

If the acquisition or use of the asset requires the Group to incur costs for dismantling or restoration of the asset, the estimated costs of such measures are recognised as a provision and a part of the cost of the asset concerned, respectively.

The basis of depreciation is the cost of the asset less its residual value. The residual value is the expected amount that could be obtained if the asset were sold today less selling costs if the asset already had the age and was in the condition that the asset is expected to be in at the end of its useful life. The cost of a combined asset is split into smaller parts which are depreciated separately if the useful lives differ.

Depreciation is recognised so as to write off the cost or valuation of assets (other than land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The depreciation periods are as follows:

- Buildings, 20-40 years
- Fixtures and fittings, tools and equipment, 3-6 years
- Leasehold improvements, 3-7 years or the lease term if shorter
- Ships, 15-20 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain/(loss) arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit/(loss).

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Receivables

Receivables comprise trade receivables, contract assets and other receivables.

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

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

Loans and receivables

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

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

Impairment of financial assets

Financial assets are assessed for indications of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Wrist Ship Supply Group has historically not experienced material losses related to receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit/(loss).

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be attributed objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit/(loss) to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the parent company’s own equity instruments is recognised and deducted directly in equity. No gain/(loss) is recognised in profit/(loss) on the purchase, sale, issue or cancellation of the parent company’s own equity instruments.

<u>Financial liabilities</u>

Financial liabilities in Wrist Supply Group are all classified as “other financial liabilities” measured at amortised cost except for liabilities related to derivatives entered into to hedge future cash flows, which are classified as liabilities at fair value through profit/(loss).

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate risks. Further details of derivative financial instruments are disclosed in note 24.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain/(loss) is recognised in profit/(loss) immediately unless the derivative is designated and effective as a hedging instrument, in which event the gain/(loss) is recognised in other comprehensive income and accumulated in the cash flow hedging reserve in equity.

Segment information

The Group is not listed or in the process of becoming listed, and no segment information is disclosed according to IFRS.

In note 2, revenue is split between Europe and the rest of the world as well as into the sale of goods and services. This information is not segment information in accordance with IFRS.

PARENT

INCOME STATEMENTS

	Note	2016 DKK'000	2015 DKK'000
Net Sales	1	426,818	455,699
Cost of sales		-333,354	-360,603
Gross profit		**93,464**	**95,096**
Other external expenses	2	-17,368	-18,468
Staff costs	3	-76,854	-81,138
Depreciation and amortisation	4	-10,719	-6,966
Operating profit before interest and tax (EBIT)		**-11,477**	**-11,476**
Profit from investments in subsidiaries		85,891	123,623
Financial income	5	41,989	34,620
Financial expenses	6	-63,142	-46,089
Profit before tax (EBT)		**53,261**	**100,678**
Income tax	7	7,184	3,877
Net profit for the year		**60,445**	**104,555**

PARENT

STATEMENTS OF COMPREHENSIVE INCOME

	Note	2016 DKK'000	2015 DKK'000
Net profit for the year		60,445	104,555
Other comprehensive income			
Items that can be reclassified to the income statement when certain conditions are met:			
Exchange differences, foreign entities		-39,370	20,625
Fair value adjustment for the year relating to hedging instruments		2,619	905
Tax relating to hedging instruments		-576	-212
Total comprehensive income		**23,118**	**125,873**

PARENT

CASH FLOW STATEMENT

	Note	2016 DKK'000	2015 DKK'000
Profit before tax (EBT)		53,261	100,677
Profit from investments in subsidiaries		-85,891	-123,623
Amortisation and depreciation		10,719	6,966
Working capital changes	17	-2,073	-31,559
Adjustments for non-cash items	18	19,111	12,624
Cash flow from ordinary operating activities		**-4,873**	**-34,915**
Financial income		41,989	48,747
Financial expenses		-41,997	-54,887
Income taxes refunded/paid		9,000	4,328
Cash flow from operating activities (CFFO)		**4,119**	**-36,727**
Acquisition etc. of intangible assets		-11,305	-14,678
Acquisition etc. of property, plant and equipment		-3,737	-2,529
Acquisition of enterprises and capital injections		-308,310	0
Dividend received		82,388	138,103
Cash flow from investing activities (CFFI)		**-240,964**	**120,896**
Loans raised		218,850	59,500
Instalments on loans etc.		-19,350	-183,870
Dividend paid		0	0
Other cash flows from financing activities		835	236
Cash flows from financing activities		**200,335**	**-124,133**
Cash flow for the year		**-36,510**	**-39,964**
Cash and cash equivalents at 1 January		37,245	77,209
Currency translation adjustments of cash and cash equivalents		0	0
Cash and cash equivalents at 31 December		**735**	**37,245**

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

PARENT

BALANCE SHEETS, ASSETS

	Note	2016 DKK'000	2015 DKK'000
Software		33,845	32,922
Intangible assets in development		15,110	11,732
Intangible assets	8	**48,955**	**44,654**
Fixtures and fittings, tools and equipment		5,745	6,396
Leasehold improvements		2,956	2,283
Property, plant and equipment	9	**8,701**	**8,679**
Investments in subsidiaries	10	683,337	409,640
Other non-current assets		**683,337**	**409,640**
Total non-current assets		**740,993**	**462,973**
Inventories		**37,508**	**36,807**
Trade receivables	13	42,541	44,800
Receivables from group enterprises		453,796	581,597
Income tax receivable		5,162	16,861
Other receivables		13,464	15,652
Prepayments		0	2,648
Receivables		**514,963**	**661,558**
Cash and cash equivalents		**735**	**37,245**
Total current assets		**553,206**	**735,610**
Total assets		**1,294,199**	**1,198,583**

PARENT

BALANCE SHEETS, EQUITY AND LIABILITIES

	Note	2016 DKK'000	2015 DKK'000
Share capital		16,112	16,112
Foreign currency translation reserve		-1,294	38,076
Reserve for net revaluation under the equity method		115,441	151,309
Reserve for intangible assets in development		10,135	0
Hedging reserves		367	-1,676
Retained earnings		345,473	259,295
Shareholders' equity		**486,234**	**463,116**
Loss in subsidiaries		100	578
Deferred tax	12	599	2,638
Provisions	14	3,564	3,186
Accrual for straight line lease expense		12,156	11,607
Debt to credit institutions	15	592,251	489,688
Total non-current liabilities		**608,670**	**507,698**
Instalment of non-current debt next year	15	119,961	79,149
Trade creditors		41,712	36,072
Debt to group enterprises		5,479	61,322
Corporate tax		0	6,666
Other payables	16	32,143	44,560
Total current liabilities		**199,295**	**227,769**
Total liabilities		**807,965**	**735,467**
Total equity and liabilities		**1,294,199**	**1,198,583**
Mortgages and collateral	18		
Lease commitments	19		
Related parties and group relations	20		
Financial risks and financial instruments	21		
Events after the reporting period	22		
Accounting policies	23		

PARENT

STATEMENTS OF SHAREHOLDERS' EQUITY

DKK'000	Share capital	Retained earnings	Foreign currency translation adjustment	Hedging reserves	Reserve for intangible assets in development	Reserve for net revaluation under the equity method	Total
Shareholders' equity at 1 January 2016	**16,112**	**259,295**	**38,076**	**-1,676**	**0**	**151,309**	**463,116**
Net profit for the year	0	86,178	0	0	10,135	-35,868	60,445
Exchange differences, foreign entities	0	0	-39,370	0	0	0	-39,370
Fair value adjustment for the year relating to hedging instruments	0	0	0	2,619	0	0	2,619
Tax relating to hedging instruments	0	0	0	-576	0	0	-576
Total comprehensive income	**0**	**86,178**	**-39,370**	**2,043**	**10,135**	**-35,868**	**23,118**
Shareholders' equity at 31 December 2016	**16,112**	**345,473**	**-1,294**	**367**	**10,135**	**115,441**	**486,234**
Shareholders' equity at 1 January 2015	**16,112**	**161,588**	**17,451**	**-2,369**	**0**	**144,461**	**337,243**
Net profit for the year	0	97,707	0	0	0	6,848	104,555
Exchange differences, foreign entities	0	0	20,625	0	0	0	20,625
Fair value adjustment for the year relating to hedging instruments	0	0	0	905	0	0	905
Tax relating to hedging instruments	0	0	0	-212	0	0	-212
Total comprehensive income	**0**	**97,707**	**20,625**	**693**	**0**	**6,848**	**125,873**
Shareholders' equity at 31 December 2015	**16,112**	**259,295**	**38,076**	**-1,676**	**0**	**151,309**	**463,116**

Number of shares is 16,112 with the nominel value of DKK 1,000.

No dividend was declared in 2016 or 2015.

PARENT

NOTES TO THE STATEMENTS

		2016 DKK'000	2015 DKK'000
1	**Net Sales**		
	Europe	392,982	410,607
	North America	3,900	4,286
	Asia	4,219	5,047
	Middle East and Africa	2,922	2,148
	Other regions	22,795	33,611
		426,818	**455,699**
	Hereof sales of services	**28,885**	**17,430**
2	**Fees to auditors appointed at the annual general meeting**		
	Statutory audit	628	645
	Tax and VAT services	34	820
	Other services	865	2,347
	Fees to auditors	**1,527**	**3,812**
	Other services (other auditors)	50	159
	Other fees	**50**	**159**
		1,577	**3,971**
3	**Staff costs**		
	Wages and salaries	64,278	65,188
	Pension costs	897	1,021
	Other social security costs	4,322	5,285
	Other staff costs	7,357	9,644
		76,854	**81,138**
	Average number of full-time employees at 31 December	133	129
	Number of full-time employees per at 31 December	135	132

3 Staff costs continuing

DKK'000	Board of Directors	Executive Board	Other top manage-ment	Total
Remuneration	360	0	0	360
Salary	0	4,776	2,148	6,924
Bonus	0	5,392	566	5,958
Pension, company contributions	0	76	127	203
Benefits (car, housing, phone etc.)	0	313	156	469
Cost at 31 December 2016	**360**	**10,557**	**2,997**	**13,914**
Remuneration	380	0	0	380
Salary	0	4,659	2,111	6,770
Bonus	0	4,717	565	5,282
Pension, company contributions	0	70	125	195
Benefits (car, housing, phone etc.)	0	425	117	542
Cost at 31 December 2015	**380**	**9,871**	**2,918**	**13,169**

The Executive Board and a number of members of other top management in both the parent company and in the Group are comprised by special bonus arrangements based on individual performance targets. For the Executive Board the bonus payments are maximized at 75% - 130% of the individual basic salary, and for other top management these vary between 10% to 60% of the individual basic salary. The bonus arrangements are unchanged compared to previous year.

Certain employees and members of management have in March 2012, January 2014 and May 2015 acquired warrants and shares in the parent Wrist Ship Supply Holding A/S at the fair value of the warrants and shares at the date of acquisition. The warrants and shares are fully vested. The warrants outstanding at 31 December 2016 are exercisable in the period of 28 January to 28 February 2018 or if Wrist Ship Supply Holding A/S is sold or becomes listed before those dates. However, exercise also requires that certain thresholds for increase in the fair value of the

A total of 1,101 warrants have been issued and acquired by employees and management with an exercise price of 64,808 per share.

3 Staff costs continuing

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

Number of outstanding warrants	Warrants	Excercise prices	Weighted avarage remaining contractual life
1 January 2015	30,549	8,700 - 64,808	37 months
Issued during the period	1,101		
31 December 2015	31,650	8,700 - 64,808	26 months
Exercised	-549		
31 December 2016	31,101	41,169 - 64,808	14 months

	2016 DKK'000	2015 DKK'000
4 Depreciation and amortisation		
Amortisation of intangible assets	7,004	3,494
Depreciation of property, plant and equipment	3,715	3,472
	10,719	**6,966**
5 Financial income		
Financial income arising from Group enterprises	41,960	34,546
Interest income	29	73
	41,989	**34,620**
6 Financial expenses		
Financial expenses from Group enterprises	3,156	2,569
Interest expenses	38,643	31,203
Exchange rate adjustments	12,402	4,668
Other financial expenses	8,941	7,649
	63,142	**46,089**

		2016 DKK'000	2015 DKK'000
7	**Income tax**		
	Current tax		
	Current tax on profit for the year	-5,884	-10,530
	Adjustment in respect of prior years	739	1,275
	Total current tax	-5,145	-9,255
	Deferred tax		
	Adjustment of deferred tax asset/liability	-722	5,606
	Adjustment of deferred tax asset/liability in respect of prior years	-1,317	-228
	Total deferred tax	-2,039	5,378
	Total income tax	**-7,184**	**-3,877**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profit of the consolidated entities as follows:

	2016	2015
Earnings before tax	**53,261**	**100,677**
Income from equity method used towards subsidiaries	85,891	123,623
Earnings before tax, Parent company	**-32,630**	**-22,946**
Calculated tax at Danish statutory rate of 22.0% in 2016 (23.5% 2015)	-7,179	-5,392
Adjustment in respect of prior years	-578	1,047
Effect from change in local tax rate	0	-330
Income/expenses not subject to tax	573	798
Tax charge	**-7,184**	**-3,877**

Effect from changes in local tax rate is related to the graduate reduction in the Danish Corporate tax rates from 23.5% in 2015 and 22% in 2016 and onwards. The effect in 2016 is due to changes in the estimate of the reversal of temporary differences, and hence the tax rate applied to measure deferred tax.

8 Intangible assets

	Software DKK'000	Intangible assets in development DKK'000	Total DKK'000
Cost at 1 January 2016	**67,452**	**11,732**	**79,184**
Additions	1,170	10,135	11,305
Transfer to software	6,757	-6,757	0
Total cost at 31 December 2016	**75,379**	**15,110**	**90,489**
Amortisation at 1 January 2016	**34,530**	**0**	**34,530**
Amortisation for the year	7,004	0	7,004
Total amortisation at 31 December 2016	**41,534**	**0**	**41,534**
Carrying amount at 31 December 2016	**33,845**	**15,110**	**48,955**
Cost at 1 January 2015	**34,351**	**30,155**	**64,506**
Additions	120	14,558	14,678
Transfer to software	32,981	-32,981	0
Total cost at 31 December 2015	**67,452**	**11,732**	**79,184**
Amortisation at 1 January 2015	**31,036**	**0**	**31,036**
Amortisation for the year	3,494	0	3,494
Total amortisation at 31 December 2015	**34,530**	**0**	**34,530**
Carrying amount at 31 December 2015	**32,922**	**11,732**	**44,654**

9 Property, plant and equipment

	Fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Total DKK'000
Cost at 1 January 2016	**20,208**	**4,490**	**24,698**
Additions	2,336	1,401	3,737
Total cost at 31 December 2016	**22,544**	**5,891**	**28,435**
Depreciation at 1 January 2016	13,812	2,207	16,019
Depreciation for the year	2,987	728	3,715
Total depreciation at 31 December 2016	**16,799**	**2,935**	**19,734**
Carrying amount at 31 December 2016	**5,745**	**2,956**	**8,701**
Cost at 1 January 2015	**22,752**	**3,939**	**26,691**
Exchange rate adjustments	1,978	551	2,529
Disposals	-4,522	0	-4,522
Total cost at 31 December 2015	**20,208**	**4,490**	**24,698**
Depreciation at 1 January 2015	**15,408**	**1,661**	**17,069**
Depreciation for the year	2,926	546	3,472
Reversal regarding disposals	-4,522	0	-4,522
Total depreciation at 31 December 2015	**13,812**	**2,207**	**16,019**
Carrying amount at 31 December 2015	**6,396**	**2,283**	**8,679**

		2016 DKK'000	2015 DKK'000
10	**Investments in subsidiaries**		
	Cost price at 1 January	**257,425**	**257,425**
	Additions in the year	308,310	0
	Cost price at 31 December	**565,735**	**257,425**
	Value adjustments at 1 January	**151,311**	**143,459**
	Dividend distribution	-82,388	-138,103
	Currency translation adjustment	-39,370	20,625
	Profit for the year after tax	85,891	123,623
	Other adjustments	0	1,707
	Value adjustments at 31 December	**115,444**	**151,311**
	Investments in subsidiaries with a negative net asset:		
	Value written off against intercompany accounts	2,058	326
	Provisions for loss in subsidiaries	100	578
	Carrying amount at 31 December	**683,337**	**409,640**

11 Subsidiaries

Company name	Registered office in	City	Ownership share %
Wrist Far East (Singapore) Pte. Ltd.	Singapore	Singapore	100
Wrist Far East (Malaysia) SDN BHD	Malaysia	Jahor Bahru	100
Wrist Middle East (U.A.E.) LLC*	Dubai, U.A.E.	Dubai	49 *
H.S. Hansen A/S	Denmark	Nørresundby	100
Danish Supply Corporation A/S	Denmark	Esbjerg	100
Saga Shipping A/S	Denmark	Skagen	100
Aalborg Trosseføring ApS	Denmark	Skagen	70
Gasværksvej Aalborg A/S	Denmark	Nørresundby	100
Skagen Lodseri A/S	Denmark	Skagen	100
Wrist Offshore Supply A/S	Denmark	Nørresundby	100
Wrist Africa Tanger SARL	Marocco	Tanger	100
J.A. Arocha S.L.	Spain	Las Palmas	100
Wrist Europe Intership (Algeciras) S.L.	Spain	Algeciras	100
Wrist Europe (Gibraltar) Ltd.	Gibraltar	Gibraltar	100
Wrist Europe (Marseille) SAS	France	Marseille	100
Wrist Europe (Norway) AS	Norway	Haugesund	100
Wrist-Kooyman Ship-Supply B.V.	Netherlands	Rotterdam	100
Wrist Holding UK Ltd.	United Kingdom	London	100
Strachans Ltd.	United Kingdom	Peterhead	100
Wrist North America Inc.	USA	Pasadena	100
Marwest dba West Coast LLC	USA	Oakland	100
East Coast Ship Supply LLC	USA	New Jersey	100
Wrist USA (Houston) Inc	USA	Pasadena	100
World Delivery Enterprises LLC	USA	Pasadena	100
Karlo Corporation Supply & Services	Canada	Montreal	100
Wrist Hong Kong Trading Company Ltd.	Hong Kong	Hong Kong	100
Wrist Shenzhen Trading Company Ltd.	China	Shenzhen	100
North Sea Stores Ltd.	United Kingdom	Aberdeen	100
Den Helder Stores B.V.	Netherlands	Den Helder	100
Wrist Holding NL B.V.	Netherlands	Rotterdam	100
Wrist Ship Supply Germany GmbH	Germany	Hamburg	100
Garrets (Holdings) Limited	United Kingdom	Romford	100
Garrets Bidco Limited	United Kingdom	Romford	100
Garrets International Limited	United Kingdom	Romford	100
Garrets International Singapore Pte. Limited	United Kingdom	Romford	100

* Wrist Middle East (UAE) LLC is controlled 100% by Wrist Ship Supply A/S according to shareholders agreement.

12 Deferred tax assets and deferred tax liabilities

2016 000'DKK	**Deferred tax, intangible assets**	**Deferred tax, tangible assets**	**Deferred tax, financial non-current assets**	**Deferred tax, current assets**	**Deferred tax, provisions**	**Deferred tax, taxable losses prior years**	**Total deferred tax**
Deferred tax begining of year	**7,271**	**-187**	**-857**	**-465**	**-3,124**	**0**	**2,638**
Charge to the income statement	203	-262	-523	60	-200	-1,317	**-2,039**
Deferred tax end of year	**7,474**	**-449**	**-1,380**	**-405**	**-3,324**	**-1,317**	**599**

Deferred tax is presented in the balance sheet as follows:	
Deferred tax asset	0
Deferred tax liability	599
Deferred tax asset year end net	599

2015 000'DKK	**Deferred tax, intangible assets**	**Deferred tax, tangible assets**	**Deferred tax, financial non-current assets**	**Deferred tax, current assets**	**Deferred tax, provisions**	**Deferred tax, taxable losses prior years**	**Total deferred tax**
Deferred tax begining of year	**793**	**300**	**-454**	**-446**	**-2,930**	**0**	**-2,738**
Charge to the income statement	6,478	-487	-403	-19	-194	0	5,376
Deferred tax end of year	**7,271**	**-187**	**-857**	**-465**	**-3,124**	**0**	**2,638**

Deferred tax is presented in the balance sheet as follows:	
Deferred tax asset	0
Deferred tax liability	2,638
Deferred tax asset year end net	-2,638

	2016 DKK'000	2015 DKK'000
13 Trade receivables		
Trade receivables	44,474	46,829
Provision for impairment of trade receivables	-1,933	-2,029
	42,541	**44,800**
Impairment losses at 1 January	-2,029	-2,208
Impairment losses in the year	-40	179
Realised in the year	136	0
Impairment losses at 31 December	**-1,933**	**-2,029**

In determining the recoverability of a trade receivable, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Overdue trade receivables not written down can be broken down as follows:

	2016	2015
Overdue 1-30 days	8,601	7,015
Overdue 31-60 days	2,095	2,518
Overdue 61-90 days	1,816	865
Over 90 days	998	225
	13,510	**10,623**

14 Provisions

000'DKK	Provisions for pension and pension-like liabilities	Provisions for restoration liabilities	Provisions for dismantling liabilities	Provisions total
Provisions at 1 January 2016	**499**	**2,419**	**268**	**3,186**
Increase	6	207	0	**213**
Discounting interests	0	171	8	**179**
Decrease	-14	0	0	**-14**
Provisions at 31 December 2016	**491**	**2,797**	**276**	**3,564**
Non-current provisions	**491**	**2,797**	**276**	**3,564**
Current provisions	**0**	**0**	**0**	**0**
Provisions at 1 January 2015	**515**	**2,035**	**259**	**2,809**
Increase	5	207	0	**213**
Discounting interests	0	177	8	**185**
Decrease	-21	0	0	**-21**
Provisions at 31 December 2015	**499**	**2,419**	**268**	**3,186**
Non-current provisions	**499**	**2,419**	**268**	**3,186**
Current provisions	**0**	**0**	**0**	**0**

Provisions for restoration liabilities are where the Group has an obligation to restore rented facilities upon vacating such facilities.
Provisions for dismantling liabilities are where the Group is obligated to dismantle assets placed in rented facilities.
Provisions for pension and pension-like liabilities are where the Group is obligated to pay anniversary bonuses etc.

		Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstand-ing after 5 years DKK'000
15	**Total non-current liabilities**			
	Debt to credit institutions	119,961	592,251	0
		119,961	**592,251**	**0**

		2016 DKK'000	2015 DKK'000
16	**Other payables**		
	Social security and other related expenses	13,519	15,636
	Customer bonuses	8,513	7,806
	Commissions	329	46
	VAT	201	3,637
	Financial instruments - market value	0	2,253
	Other accrued expenses	9,581	15,182
		32,143	**44,560**
17	**Change in working capital**		
	Increase/decrease in inventories	-701	-1,928
	Increase/decrease in receivables	5,427	-17,925
	Increase/decrease in trade payables etc.	-6,799	-11,706
		-2,073	**-31,559**
18	**Adjustments for non-cash items**		
	Financial income and expenses	18,364	11,468
	Change in provisions	747	1,156
		19,111	**12,624**

19 Mortgages and collateral

As security for the Group's credit facilities, Wrist Ship Supply Holding A/S has issued floating-charge and share pledge securities to Nordea for all material companies in Wrist Ship Supply A/S.

Wrist Ship Supply A/S has guaranteed for subsidiaries' outstanding debt to suppliers in the amount of DKK 19,421k.

Joint taxation arrangement
The company is party to a mandatory Danish joint taxation arrangement with Wrist Adm ApS serving as the administration company. The joint taxation arrangement complies with general Danish tax legislation and has included other Danish sister companies due to common ultimate ownership. Due to the joint taxation, under Danish tax legislation, the company is subject to partial joint and secondary liability from the financial year 2013 for income taxes etc. for the jointly taxed companies, and from 1 July 2012 also partial joint and secondary liability for obligations, if any, relating to withholding of tax on interest, royalties and dividend for the jointly taxed companies. In both cases, however, secondary liability cannot exceed an amount equivalent to the share of capital of the company which is owned directly or indirectly by the ultimate parent. Tax liabilities concerning sister companies previously included in the joint tax arrangement and for which the company may be jointly liable as described above are covered by an indemnification agreement with W.S.S. Holding A/S.

20 Lease commitments

Operational leasing commitments

Operating leases related to leases of building and equipment with lease terms between 5 and 10 years. The Group does not have an option to purchase the leased building or equipment at the end of the lease terms.

2016	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstand-ing after 5 years DKK'000
Minimum lease payments	16,087	64,372	54,178
Present value of minimum lease payments	15,038	50,993	33,857

2015	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstand-ing after 5 years DKK'000
Minimum lease payments	15,838	64,486	72,890
Present value of minimum lease payments	15,038	53,878	49,496

	2016 DKK'000	2015 DKK'000
Minimum lease payments in the profit for the year	12,720	10,499

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

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

21 Related parties and group relations

Related parties of the company are Wrist Ship Supply Holding A/S, W.S.S. Holding A/S, O.W. Lux SARL and their subsidiaries, as well as all subsidiaries of the Company.

Altor Fund II GP Limited, Jersey controls W.S.S. Holding A/S, which is the upper Danish holding company of the Group.

Transactions with group relations:

	2016 DKK'000	**2015 DKK'000**
Financial items, net	-1,138	-1,160
Financial receivables	11,695	1,955
Financial payables	-36,499	-38,364

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

Transactions with related parties within Wrist Ship Supply Group:

2016	**Subsidiaries**	**Management**	**Total**
Intra-group management and administration agreements	32,536		32,536
Financial items, net	36,228		36,228
Staff cost cf. note 4		-13,914	-13,914
Financial receivables	510,731		510,731
Financial payables	-88,790		-88,790

2015	**Subsidiaries**	**Management**	**Total**
Intra-group management and administration agreements	24,719		24,719
Financial items, net	29,352		29,352
Staff cost cf. note 4		-13,169	-13,169
Financial receivables	551,848		551,848
Financial payables	-23,101		-23,101

22 Financial risks and financial instruments

Financial risk factors refer to fluctuations in the Company's results, cash flows and financial position due to changes in financial exposure. The overall objective of risk monitoring and control is to provide cost-effective financing and to minimise potential adverse impacts from market fluctuations.

Exchange rate risk

The Companies's business activities are predominantly based in DKK and EUR, and many credit facilities are denominated in DKK, USD and GBP. Most of the business has no or very limited transaction-related exchange rate exposure. Significant investments in foreign entities are financed in the investment currency. Consequently, material currency exposure for the Company is limited to translation risks related to foreign subsidiaries, and the loans taken out to finance these investments.

The Company is mainly exposed to the currencies USD and GBP.

The following table details the Company's sensitivity to a 10% increase in USD and GBP. The sensitivity analysis includes investments in relevant subsidiaries and external debt, where the debt is denominated in the relevant currency. A positive number indicates an increase in profit/(loss) or equity where the currency strengthens 10% against DKK at the balance sheet date. A 10% weakening of the currency would have a comparable but opposite impact on profit/(loss) and equity.

	USD impact		GBP impact	
	2016	**2015**	**2016**	**2015**
Impact on profit/(loss) from translation of debt and investments in subsidiaries	1,048	17,615	39,497	11,426
Impact on equity from translation of debt and investments in subsidiaries	-7,033	10,215	-725	-1,294

Interest rate risk

The interest rates of credit facilities are variable. Wrist uses derivative contracts to hedge the interest rate risks, and currently the company has chosen to hedge approx 2/3 of such risks for a period of 27 months. Under the interest rate derivative contracts, the Company agrees to exchange the difference between fixed and floating-rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable-rate debt. Fair value adjusments on hedging instruments recognised in other comprehensive income in 2016 amounts to DKK 905k (2015: DKK -2,489k).

22 Financial risks and financial instruments continuing

Derivative financial instruments hedging future cash flow

Currency and DKK	Currency	DKK'000	2016 Book value	2015 Book value
Loan USD, expiring March 2017	20,000	141,056	-4	-175
Loan DKK, expiring March 2017	113,333	113,333	-332	-1,377
Loan GBP, expiring March 2017	3,909	33,943	-78	-339
Loan GBP, expiring March 2017	4,000	41,118	-98	-362
Loan USD, expiring March 2019	16,946	119,517	728	0
Loan DKK, expiring March 2019	113,333	113,333	-764	0
Loan GBP, expiring March 2019	3,312	28,759	-117	0
Loan GBP, expiring March 2019	4,000	41,118	-208	0
Loan USD, expiring March 2019	15,960	112,563	1,343	0
Total hedge account measured at fair value recognised in equity			**470**	**-2,253**

Interest rate sensitivity analysis:
If interest rates had been 100 basis points higher and all other variables were held constant, the Group's profit for the year ended 31 December 2016 would decrease by DKK 2m (2015: decrease by DKK 1m) due to the Company's exposure to interest rates on variable rate borrowings, partly offset by a change in the fair value of interest rate derivative contracts

The sensitivity analysis have been determined based on the exposure to floating rate liabilities and derivatives at the end of the reporting period. For floating rate liabilities, the analysis is prapred assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

Liquidity risk
Wrist has entered into a long-term committed financing agreement with credit facilities enabling both the current operations and planned expansion. Treasury management is centralised and ensures that sufficient financial resources are available to meet planned requirements. This is done by montering the cash flow on a monthly basis matches the planned cash needs. Wrist has a good financial position significant positive cash flows from operating activities and an adequate liquidity reserve.

Credit risk
Credit risk mainly relates to trade debtors, other receivables and cash at banks. The aggregate amounts recognised under these items in the balance sheet constitute the maximum credit risk. Receivables relate to shipping, ship management and catering companies. The handling of credit risk in the shipping industry is done by the global credit function which monitors the creditworthiness of existing and new customers and assists in collection. Wrist conducts individual assessment of customers' creditworthiness and credit lines are managed globally. Cash is held with banks with high credit ratings.

22 Financial risks and financial instruments continuing

Fair value measurements

Wrist Ship Supply A/S measure its financial instruments hedge future cash flow to fair value level 2.

Wrist does not have any assets or liabilities measured at fair value other than interest rate derivative contracts entered into to economically hedge the future cash flows of floating rate financing . Interest rate derivative contracts are measured at fair value based on discounted cash flows based on observable input (level 2). Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

The management consider that the carrying amounts of all other financial assets and liabilities recognised in the financial statements approximate their fair values.

Capital structure

The Company's management assesses whether the Company's capital structure is in line with the interests of the company and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. There are no changes in the Company's guidelines and procedures for managing capital structure in 2016.

23 Events after the reporting period

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

24 Accounting policies

The 2016 annual report of the parent company is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the financial statements of class C enterprises, cf. the Danish Executive Order on IFRS (IFRS-bekendtgørelsen) issued in accordance with the Danish Financial Statements Act.

The accounting policies for the Parent Company and for the Wrist Ship Supply Group are identical (see note 26 for the Wrist Ship Supply Group) except for the situations mentioned below.

Situations, where the accounting policies of the Parent Company deviate from the Group's

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less unamortised positive, or negative, goodwill and plus or less unrealised intra-group profits or losses.

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and less amortisation of goodwill is recognised in the income statement.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

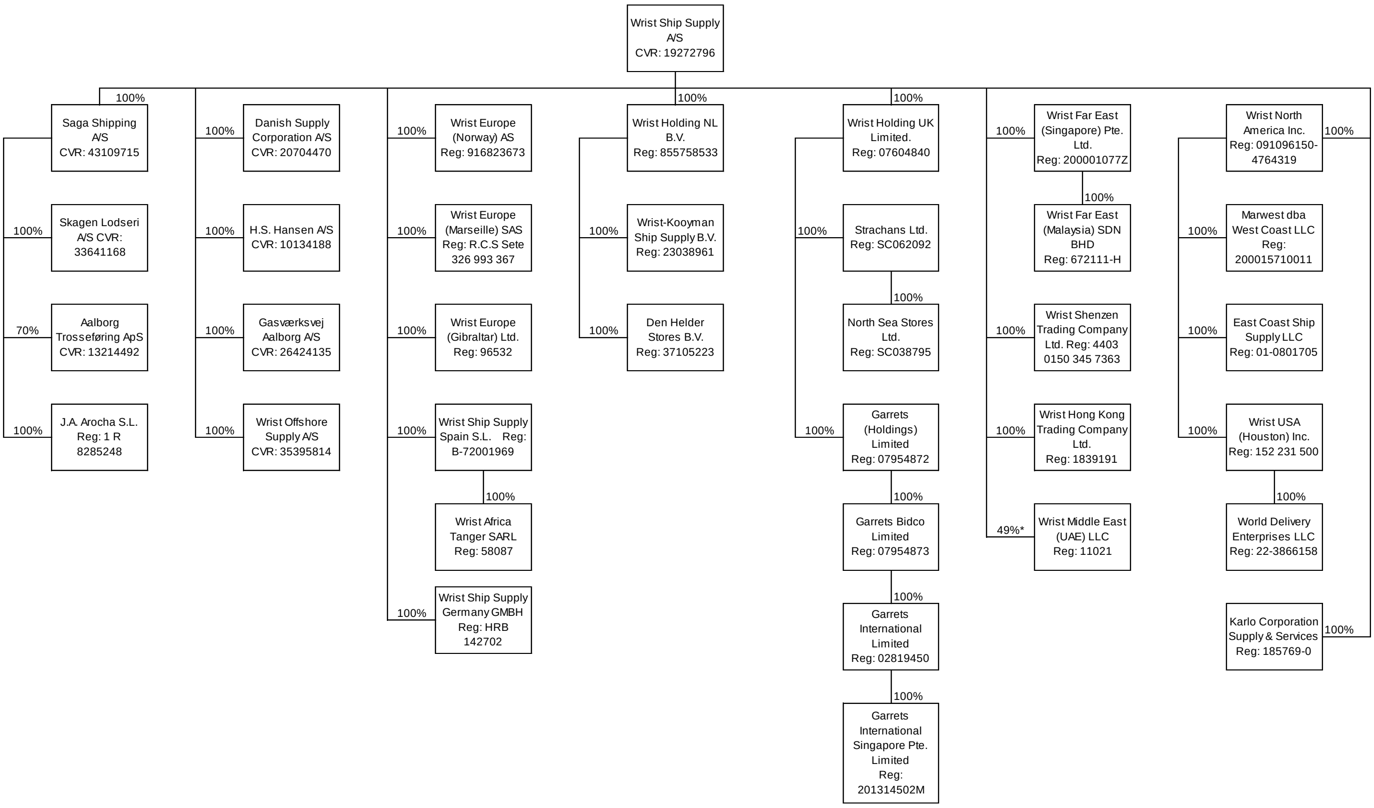
The purchase method is applied in the acquisition of investments in subsidiaries.

Corporation tax

The Parent Company is jointly taxed with all of its Danish subsidiaries with Wrist Adm ApS serving as the administration company. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

ORGANISATION

LEGAL STRUCTURE



Note:

Wrist Middle East (UAE) LLC is controlled 100% by Wrist Ship Supply A/S according to the shareholders' agreement.

MANAGEMENT

Board of Directors

Søren Dan Johansen, Chairman
Born 1965, Danish.
Member of the Board of Directors and Chairman since November 2014.
Mr Johansen is a partner of Altor Equity Partners AB, Sweden, and Chief Executive Officer of Altor Equity Partners A/S, Denmark. He holds a Master's degree in Law.

Other duties:

- Wrist Ship Supply A/S, Denmark (C)
- Wrist Ship Supply Holding A/S, Denmark (C)
- W.S.S Holding A/S, Denmark (C)
- Haarslev Industries A/S, Denmark (C)
- Haarslev Group A/S, Denmark (C)
- Haarslev Group Holding A/S, Denmark (C)
- Norican Global A/S, Denmark (C)
- CAM Group Holding 1 DK ApS, Denmark (C)
- CAM Group Holding 2 DK ApS, Denmark (C)
- Carnegie Asset Management Holding Danmark A/S, Denmark (C)
- CAM Group Holding A/S, Denmark (C)
- Statens Ejendomssalg A/S, Denmark (C)
- Hamlet Protein A/S, Denmark (BM)
- New Nutrition ApS, Denmark (BM)
- New Nutrition Holding ApS, Denmark (BM)
- PSR ApS, Denmark (BM)

Tom Sten Behrens-Sørensen
Born 1958, Danish.
Member of the Board of Directors since 2013.
Mr Behrens-Sørensen is a graduate from the A.P. Moller Shipping Academy and has also attended management courses at INSEAD and The Wharton School of the University of Pennsylvania.

Other duties:

- Wrist Ship Supply A/S, Denmark (C)
- Wrist Ship Supply Holding A/S, Denmark (C)
- W.S.S Holding A/S, Denmark (C)
- ECCO Sko A/S, Denmark (BM)
- Odense Maritime Technology A/S, Denmark (VC)

Kurt Kokhauge Larsen
Born 1945, Danish.
Member of the Board of Directors since 2010.

Mr Larsen is trained in freight management.

Other duties include:

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

Håkan Petter Samlin
Born 1979, Swedish.
Member of the Board of Directors since 2013.

Mr Samlin is a director with Altor Equity Partners AB, Sweden. He holds a Master's degree in Engineering and Business Management from the Royal Institute of Technology in Stockholm, as well as a Bachelor's degree in Business and Administration from Stockholm University School of Business.

Other duties:

- Wrist Ship Supply A/S, Denmark (C)
- Wrist Ship Supply Holding A/S, Denmark (C)
- W.S.S Holding A/S, Denmark (C)
- Aktiebolaget Skrindan AB, Sweden (BM)
- Valot Group AB, Sweden (C)
- ACIB Holding AB, Sweden (C)
- CARAM Alternative Investments AB, Sweden (BM)

Executive Board

Robert Steen Kledal, CEO
Born 1969, Danish.
Joined Wrist Ship Supply in 2010 as CEO.

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

Anders Skipper, Executive Vice President, CFO
Born 1967, Danish.
Joined Wrist Ship Supply in 2011 as Executive Vice President, CFO.

Søren Juul Jørgensen, Executive Vice President, CCO
Born 1974, Danish.
Joined Wrist Ship Supply in 1994, appointed Executive Vice President, CCO, in 2008.

Martin Gaard Christiansen, Executive Vice President
Born 1970, Danish.
Joined Wrist Ship Supply in 2015 as Executive Vice President.

C: Chairman of the Board of Directors
VC: Vice Chairman of the Board of Directors
BM: Member of the Board of Directors

Ownership

Wrist Ship Supply Holding A/S is owned by Altor Fund II GP Limited, Jersey, through subsidiaries (87.49%), external investors (1.48%) and management investors (11.03%).

Annual general meeting

The annual general meeting will be held on 8 March 2017 at the company's registered office.