

# Lauritzen Fonden

Tranegårdsvej 20, 2900 Hellerup

(CVR no. 1545 3613)

## ANNUAL REPORT 2017

Approved on 23 March 2018 at  
Lauritzen Fonden's Board meeting

A handwritten signature in blue ink, consisting of stylized initials and a surname, positioned above a dotted line.

.....

Chairman of the Board

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### Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lauritzen Fonden for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent foundation financial statements give a true and fair view of the Group's and the foundation's financial position at 31 December 2017 and of the results of the Group's and the foundation's operations and consolidated cash flows for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the foundation's operations and financial matters and the results of the Group's and the foundation's operations and financial position.

Copenhagen, 23 March 2018

### Executive Board



Bent Østergaard  
CEO



Inge Grønvold  
Director

### Board of Directors



Jens Ditlev Lauritzen  
Chairman



Tommy Thomsen  
Vice Chairman



Bendt Bendtsen



Erik G. Hansen



Kigge Hvid

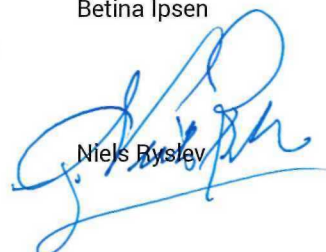
Betina Ipsen



Erik Bierre



Jesper Jessing



Niels Rysley

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**Executive Board**

Bent Østergaard  
CEO

Inge Grønvold  
Director

**Board of Directors**

Jens Ditlev Lauritzen  
Chairman

Tommy Thomsen  
Vice Chairman

Bendt Bendtsen

Erik G. Hansen

Kigge Hvid

Betina Ipsen



Erik Bierre

Jesper Jessing

Niels Ryslev

## **Independent auditors' report**

### **To the Board of Directors of Lauritzen Fonden**

#### **Opinion**

We have audited the consolidated financial statements and the parent foundation financial statements of Lauritzen Fonden for the financial year 1 January – 31 December 2017, which comprise an income statement, statement of financial position, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the group and the parent foundation, as well as consolidated statement of cash flows. The consolidated financial statements and the parent foundation financial statements are prepared in accordance with the Danish Financial Statements Act. In our opinion, the consolidated financial statements and the parent foundation financial statements give a true and fair view of the financial position of the Group and the parent foundation at 31 December 2017 and of the results of the Group's and parent foundation's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 foundation financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibilities for the consolidated financial statements and the parent foundation financial statements**

Management is responsible for the preparation of consolidated financial statements and parent foundation financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent foundation financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements and the parent foundation financial statements, Management is responsible for assessing the Group's and the parent foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent foundation financial statements unless Management either intends to liquidate the Group or the parent foundation or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the consolidated financial statements and the parent foundation financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent foundation 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 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 parent foundation financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent foundation financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Foundation'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 foundation financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Foundation'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 foundation financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 Parent Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent foundation financial statements, including the note disclosures, and whether the consolidated financial statements and the parent foundation financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### Statement on the Management's review

Management is responsible for the Management's review. Our opinion on the consolidated financial statements and the parent foundation financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements and the parent foundation financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent foundation financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent foundation financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 23 March 2018

ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Torben Bender  
State Authorised  
Public Accountant  
MNE-nr.: mne21332

## Foundation details

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Tranegårdsvej 20  
DK-2900 Hellerup  
Phone: +45 33 96 84 25

Website: [www.lauritzenfonden.com](http://www.lauritzenfonden.com)  
E-mail: [lf@lauritzenfonden.com](mailto:lf@lauritzenfonden.com)

CVR-no.: 15 45 36 13  
Founded: 1945  
Domicile: Hellerup  
Financial year: 1 January - 31 December

Board of Directors: Jens Ditlev Lauritzen, (Chairman)  
Tommy Thomsen, CEO (Vice Chairman)  
Bendt Bendtsen, Member of the European Parliament and former Minister  
Erik G. Hansen, Director  
Kigge Hvid, CEO  
Betina Ipsen, Member of the Lauritzen Fonden Grant Committee  
Erik Bierre, Senior Vice President, J. Lauritzen A/S \*)  
Jesper Jessing, Master Mariner, DFDS A/S \*)  
Niels Ryslev, Commercial Head, DFDS A/S \*)  
\*) Staff-elected board members

Grant Committee: Jens Ditlev Lauritzen  
Betina Ipsen  
Inge Grønvold  
Kathrine Geisler Madsen  
Linda Sparrevohn Riedel

Executive Board: Bent Østergaard, CEO  
Inge Grønvold, Director

Board meeting is held on 23 March 2018



## The Group at a glance

Lauritzen Fonden is an enterprise foundation and the parent foundation of J. Lauritzen A/S (100% owned), DFDS A/S (43% owned, including DFDS's treasury shares) and LF Investment ApS (100% owned).

The shipping companies J. Lauritzen A/S and DFDS A/S act as independent entities. Each of the companies has an independent two-tier management structure with a Board of Directors and an Executive Board that have the primary responsibility.

**J. Lauritzen A/S** has been serving the maritime trade since 1884 and for more than 130 years, they have been engaged in a range of different segments of the shipping industry.

Today, J. Lauritzen is a global provider of seaborne transportation of dry bulk cargoes as well as petrochemical and liquefied petroleum gases.

Services are provided through the operational business units Lauritzen Bulkera and Lauritzen Kosa. Lauritzen Bulkera operates bulk carriers, primarily in the handysize segment of dry bulk shipping. Lauritzen Kosa specialises in transportation of petrochemical and liquefied petroleum gases (LPG) - a segment of the shipping industry characterised by complex technical and operational requirements.

In order to further strengthen the balance sheet and improve the cash position, an agreement was reached with Lauritzen Fonden in 2017 to inject new equity of USD 80.0 mill. The capital injection ensured repayment of the outstanding JLA02 corporate bond and the related hedging debt.

During 2017, Lauritzen Bulkera and Lauritzen Kosa controlled a combined average fleet of 118 vessels compared to 128 vessels in 2016. At year-end 2017, J. Lauritzen owned 10 bulk carriers and 18 gas carriers versus 10 dry bulk carriers and 20 gas carriers at year-end 2016.

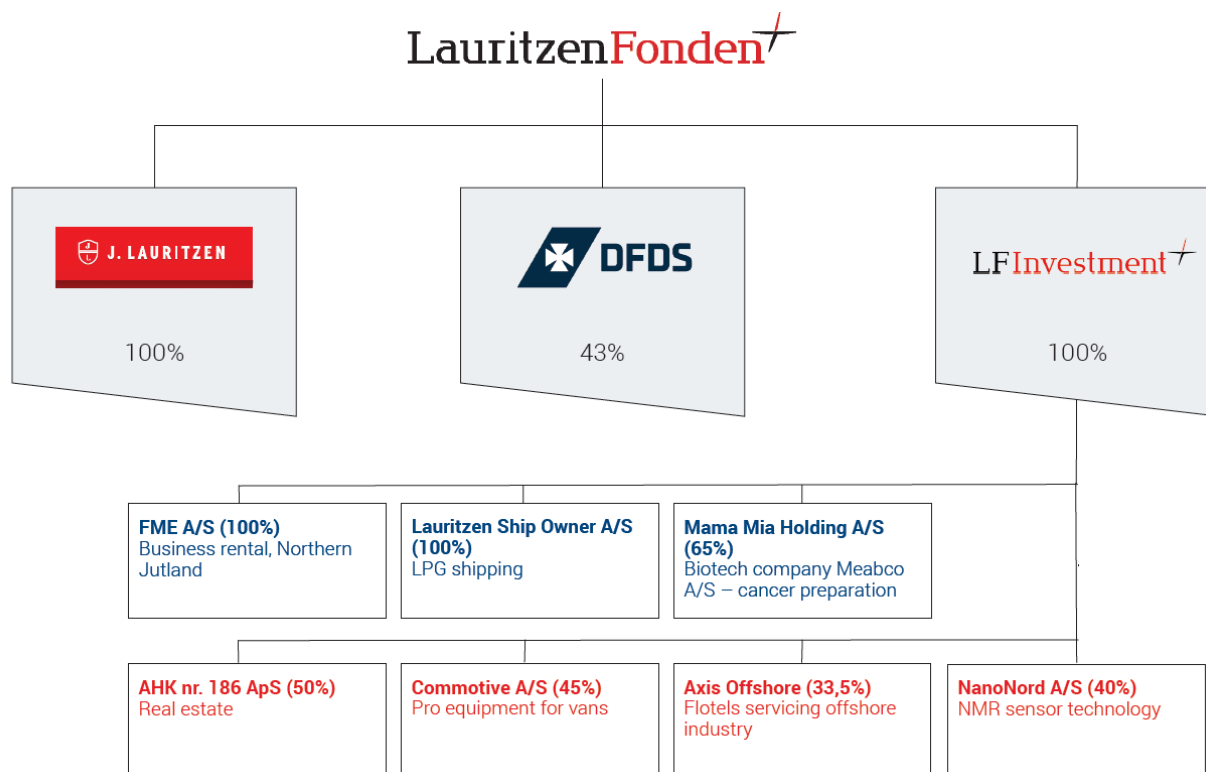
**DFDS A/S** was established in 1866. DFDS provides ferry shipping services and transport solutions in Europe. Over 8.000 freight customers rely on the ferry and port terminal services as well as flexible transport and logistics solutions. DFDS also provides safe overnight and short sea ferry services to seven million passengers, many travelling in their own car.

The fundamental need for transport services will endure in a digital world as it has since DFDS' inception more than 150 years ago. Goods still need to be moved across sea and over land to end customers and people will increasingly be travelling. In 2018, DFDS is investing in further development of digital capabilities, including people and systems, to enhance the customer experience and gain operational efficiencies. These investments go hand in hand with the planned investments in shipping capacity, efficiency and reliability for routes and logistics solutions. The commitment to create value for shareholders is unwavering. Digital solutions and new business models and technologies add opportunities as DFDS continues to pursue new ways to enhance customer service, reduce the environmental impact, operate more efficiently and reduce costs.

During 2017, DFDS controlled a combined average fleet of 64 vessels compared to 57 vessels in 2016. At year-end 2017, DFDS controlled 22 ro-ro ships, 18 ro-pax ships, 4 passenger ships and 20 container and side port ships versus 23 ro-ro ships, 18 ro-pax ships, 4 passenger ships and 12 container and side port ships at year-end 2016.

**LF Investment ApS'** main activity primarily consists of investments in minor venture companies. The portfolio consists of 3 subsidiaries and 4 associated companies. The portfolio of companies covers industries such as real estate, shipping, biotech and NMR sensor technology.

### Overall group structure



## Group Key Figures

(DKK million)	2017	2016	2015	2014	2013
<b>Net turnover</b>	<b>18.072</b>	<b>16.716</b>	<b>16.362</b>	<b>15.638</b>	<b>15.592</b>
Result before depreciations (EBITDA)	2.582	2.653	2.058	1.321	1.499
Profit on sale of vessels	9	49	128	179	-46
Depreciations and write-downs	-1.110	-1.376	-2.680	-1.682	-2.264
<b>Operating income</b>	<b>1.482</b>	<b>1.325</b>	<b>-493</b>	<b>-182</b>	<b>-812</b>
Share of result in joint ventures	6	-38	-218	-79	-69
Financial items, net	-393	-362	-352	-375	-471
<b>Result before tax</b>	<b>1.094</b>	<b>926</b>	<b>-1.063</b>	<b>-635</b>	<b>-1.352</b>
Income tax	-79	-12	-37	-30	-17
<b>Result for the year</b>	<b>1.016</b>	<b>913</b>	<b>-1.100</b>	<b>-665</b>	<b>-1.369</b>
Non controlling interests share of result	-898	-863	-516	-192	-170
<b>Profit/(Loss) for the year</b>	<b>118</b>	<b>50</b>	<b>-1.616</b>	<b>-857</b>	<b>-1.539</b>
Fixed assets	13.001	13.867	13.295	15.207	18.046
Total assets	17.833	18.985	19.812	20.713	23.414
Equity	5.659	5.813	5.958	7.106	7.589
Non controlling interests	3.707	3.741	3.626	3.392	3.464
Cash flow from ordinary activities	2.062	2.485	2.024	1.756	1.444
Investment in tangible assets	-685	-2.182	-821	-1.214	1.233
Changes in cash position	-207	-338	706	-142	-844
Number of employees	7.950	7.863	7.309	7.193	7.329
Profit margin, %	8,2	7,9	-3,0	-1,2	-5,2
Rate of return, %	8,7	7,2	-2,8	-0,6	-2,4
Return on equity, %	2,1	0,9	-24,7	-11,7	-18,5
Solvency ratio, %	52,5	50,3	48,4	50,7	47,2

Key figures are prepared in accordance with Danish Finance Society, however, solvency ratio includes non-controlling interests.

### Profit margin

$$\frac{\text{Operating income}}{\text{Net turnover}}$$

### Solvency ratio

$$\frac{\text{Equity incl. non controlling interests}}{\text{Total assets}}$$

### Rate of return

$$\frac{\text{Operating income} + \text{financial income}}{\text{Average of total balance}}$$

### Return on equity

$$\frac{\text{Profit/(Loss) for the year}}{\text{Average share of equity excl. non controlling interests}}$$

## Management's review

The total revenue of the Group amounted to DKK 18.072 mill. in 2017 compared to DKK 16.362 mill. in 2016, an increase of DKK 1.710 mill. Result before tax amounted to a profit of DKK 1.094 mill. compared to a profit of DKK 926 mill. in 2016.

During 2017 Lauritzen Fonden received dividend from DFDS amounting to DKK 239,2 mill. In connection with DFDS' share buy-back program, Lauritzen Fonden disposed of shares amounting to a total of DKK 463,9 mill. The treasury shares DFDS buys are subsequently cancelled which leaves Lauritzen Fonden with a constant ownership percentage.

The net result for **J. Lauritzen A/S** for 2017 was a loss of DKK 297 mill. compared to a loss of DKK 300 mill. in 2016. The result for 2017 was in line with the last recent outlook. J. Lauritzen's result for 2017 was not satisfactory. The 2017 result included special items totaling DKK 186,2 mill. (USD 30,0 mill.) mainly related to reversal of impairment and use of provisions for onerous contracts. Please refer to J. Lauritzen's web [www.j-l.com](http://www.j-l.com) for further information

For **DFDS A/S** profit before tax and special items amounted to DKK 1.647 mill. compared to DKK 1.587 mill. in 2016. Operating profit before depreciation (EBITDA) and special items increased 4% to DKK 2.702 mill. The result was thus in line with the latest outlook range for an EBITDA before special items of DKK 2.650-2.750 mill. included in the Q3 2017 report. The Group's free cash flow was positive by DKK 1.102 mill. after net investments of DKK 1.564 mill. Please refer to DFDS's web [www.dfds.com](http://www.dfds.com) for further information.

The net result for **LF Investment ApS** for 2017 amounted to a loss of DKK 262,2 mill. compared to a loss of DKK 274,4 mill. in 2016. As in 2016 the negative result is primarily impacted by losses and write-downs on the non-strategic assets acquired from J. Lauritzen A/S in 2016.

## Lauritzen Fonden's mission

Ditlev Lauritzen, the founder of J. Lauritzen A/S, was an enterprising business man. Ahead of his time in the 1900s he focused on his employees' welfare and their work environment. He was also very engaged in the local community and aware of his social responsibility as a business owner.

Both the shipping company, J. Lauritzen, and Ditlev Lauritzen's sense of social commitment were passed on to his children Ivar, Knud and Anna. Together they founded Lauritzen Fonden in 1945.

Lauritzen Fonden is now the parent foundation of J. Lauritzen A/S, DFDS A/S and LF Investment ApS. As an enterprise foundation, tasks are divided into a commercial and a philanthropic focus; running the businesses and supporting both maritime, cultural and social initiatives. The Foundation supports the Lauritzen Group's employees and their children through funding of their education and support of their cultural or social volunteer work. We believe that by creating a strong and secure groundwork for the individual, both the Lauritzen Group companies and society will benefit. The complete Foundation charter can be found at:

[https://www.lauritzenfonden.com/userfiles/file/2016%20dokumenter/Opdateret%20fundats\\_16%20sep%202016.pdf](https://www.lauritzenfonden.com/userfiles/file/2016%20dokumenter/Opdateret%20fundats_16%20sep%202016.pdf)

### **Philanthropic vision**

Lauritzen Fonden wants to enhance the security of children and young people in Denmark through the focus areas *well-being* (trivsel) and general *education* (dannelse). We want to enable them to become a contributing and active part of society. The Foundation believes in those who believe in their cause – and those fiery souls that have a strong vision and commitment to their project. By working together with other stakeholders, long-lasting and sustainable change has a better chance of prevailing.

### **Grant Strategy**

The aim of the current grant strategy is to work towards finding solutions on how to limit the negative consequences of growing up in poverty.

Through our grant strategy we seek to increase the impact of the distributed funds. By focusing the grant strategy, securing new knowledge within the social area and having a more proactive and risk-willing approach to donations, impact is expected to increase.

Thus, the Lauritzen Fonden wants to:

- Secure and create new knowledge regarding the challenges and obstacles within the field of social work
- Enter into new forms of collaboration and partnerships
- Anchor new methods to enhance the positive outcome and effect of initiatives

### ***The target group***

The target group are children and youth from low-income households. According to some of the latest research, they suffer from a disadvantage when it comes to equal opportunities in life. They have a hard time finding their way through the educational system and thus lack connection to the job market in adulthood. Approximately 8% of children and youth in Denmark grow up in low-income households.

The difficult path through life that these children experience does not only affect the individual but also society as a whole. It can lead to more inactive adults who are not able to contribute to society. By focusing on the areas of *well-being* and *general education* we wish to support initiatives and projects that facilitate a way into education and employment for children and young people. The grant strategy is implemented through donations and collaborations that enables a greater impact of the Foundation's funds.

### ***Geographic focus***

Lauritzen Fonden has a historical and special interest in Ribe/Esbjerg, Aalborg, Frederikshavn and Helsingør. These are cities where the Foundation has its roots and for several decades has been involved in industrial activities. These geographic focus areas are the starting point of our strategic involvement with an initial focus on Esbjerg and Helsingør.

For more information on the grant strategy, please see:

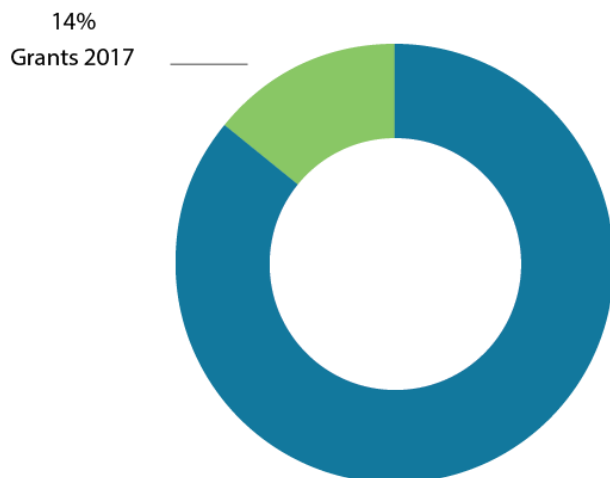
<https://www.lauritzenfonden.com/gb/grantstrategy.asp>

### **Allocation of funds**

The cash flow generated in 2017 by Lauritzen Fonden amounted to DKK 228 mill. (2016: DKK 155 mill.). The amount consists of operating income minus depreciations plus dividend from DFDS A/S. With a grant

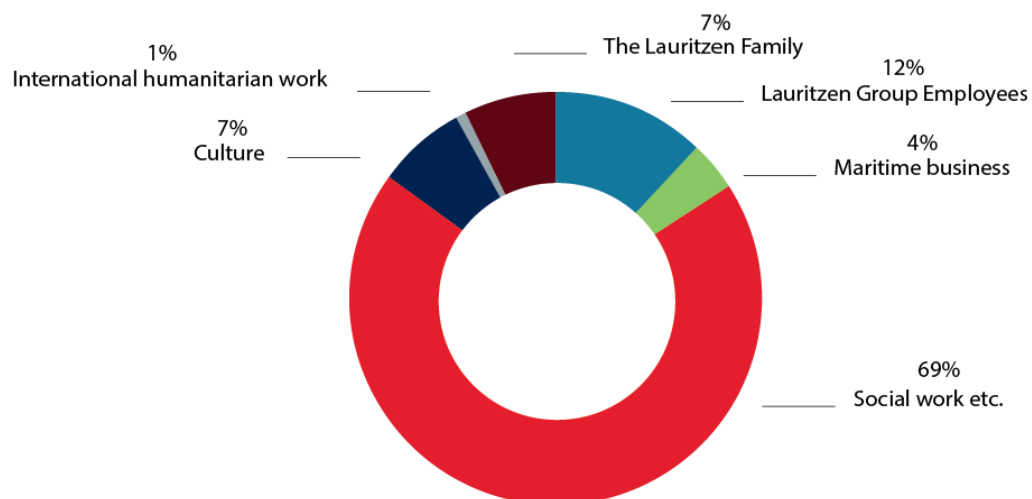
distribution of DKK 27,8 mill. in 2017 (2016: DKK 19,6 mill.), Lauritzen Fonden has thus allocated 14% of the cash flow to meet the foundation charter.

**Allocation of funds:**



**All grant distributions 2017:**

As shown in the figure below, 12% of the total grant amount in 2017 went to support the Lauritzen Groups employees, 4% to seafarers and maritime interests, 69% to social and humanitarian work in Denmark, 7% to cultural projects, 1% to international humanitarian projects and 7% to the Lauritzen Family.



Grants within the individual categories and in various sizes have been distributed to a wide range of activities carried out by organisations, associations and individuals actively contributing to better society, as volunteers. Below please find a list of some of the major projects supported in 2017:

## Partnerships

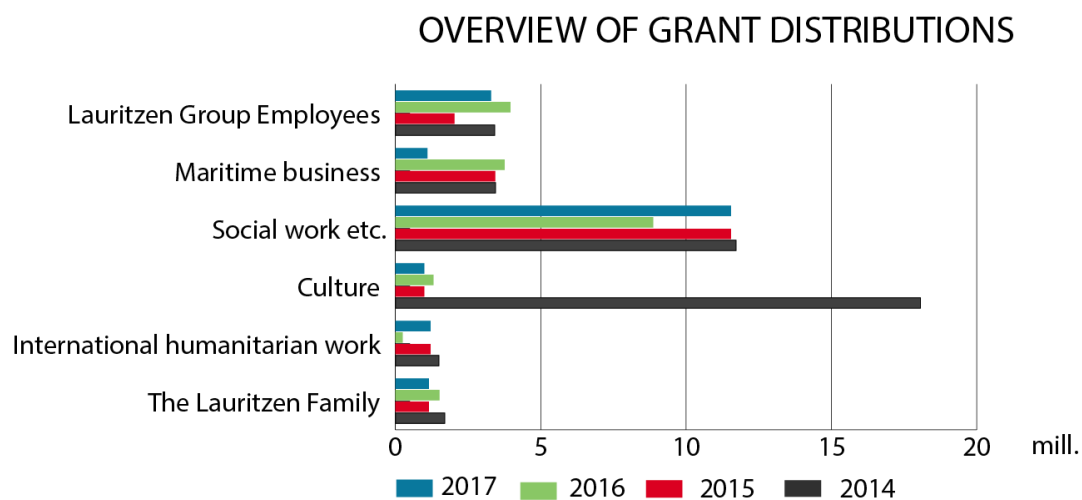
DKK 6.000.000	MedVind	<b>Esbjerg:</b> Collective impact initiative increasing social mobility for children and young people in Østerbyen. 12-year research project to identify educational expectations amongst young people from low-income families. Learning boost for boys, after-care and competence development. <b>Helsingør:</b> "Plads til alle" offers disadvantaged children access to leisure and recreational activities. Inclusion of vulnerable young people in "Ungdommens Folkemøde".
DKK 5.100.000	VIVE and DCUM	
DKK 2.500.000	Løkkefonden	
DKK 1.200.000	Red Barnet	
DKK 750.000	Ungdomsbureauet	

## Other strategic grants

DKK 635.000	Foreningen Fisker	Jobhaj - online job search for young people.
DKK 600.000	Fonden for Socialt Ansvar	Operational grant.
DKK 575.000	Fødevarebanken	Refrigerated van to distribute excess food from the food industry to vulnerable citizens in <b>Esbjerg</b> and surrounding municipalities.
DKK 500.000	Mødrehjælpen	Establishment of a local association of Mødrehjælpen in <b>Helsingør</b> and strengthening of Mødrehjælpen locally in <b>Esbjerg</b> .

## Other strategic grants

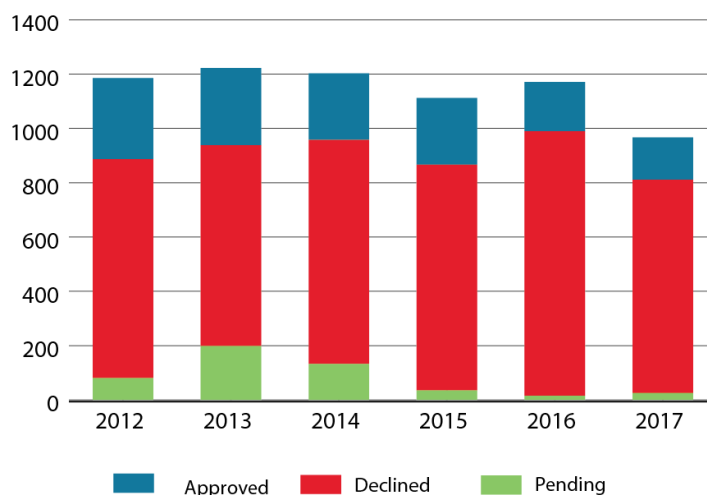
The total grant distribution in DKK is divided between these focus areas. Here is the track record for the last 4 years:



(NB: Culture 2014 deviates significantly due to project Legeskibet, 2015-2019)

Lauritzen Fonden received and processed an amount of applications on level with the last couple of years. Of the 968 applications (1.171 in 2016) 157 were approved for grants (181 in 2016) leading to a "hit-rate" of 16,21%. 25 applications were still pending at year-end.

### DEVELOPMENT IN GRANT APPLICATIONS 2012-2017



#### Partnership and project highlights 2017

Our grant strategy is implemented through donations, collaborations and partnerships that enables a greater impact of the foundation's funds. Below please find a selection of partnership- and project-based initiatives we have supported in 2017.

#### Collective Impact initiative - MedVind in Esbjerg, Denmark

In 2017, Lauritzen Fonden initiated and financed, in collaboration with Esbjerg Kommune (Municipality), the establishment of a Collective Impact initiative in Esbjerg's Østerbyen called MedVind.

##### *Background*

A part of Østerbyen in Esbjerg is challenged when it comes to breaking the negative cycle for children and young people from low-income families. Children and youth in this area are at risk of growing up with no education after public school and as a consequence will have little or no affiliation with the job market. That's not only a risk for Østerbyen, but a risk for Esbjerg as a community. The objective of MedVind is to reduce the short- and long-term consequences of child poverty for children in Østerbyen. The initiative seeks to strengthen social mobility over a 12-year period, supporting the vision that all children and youth in the area become included and contributing members of society by completing an education or securing a job later in life thus being able to support themselves.

##### *Backbone organisation*

At the core of the Collective Impact initiative is a backbone organisation that functions as a separate secretariat which supports the entire initiative by coordinating existing projects and potential new ones with the various stakeholders involved. The common denominator for the initiatives, new as well as existing ones, is that they should all tend in the same direction when it comes to solving the concrete challenges in Østerbyen.



In 2017, a backbone secretariat was established at one of the local schools in Østerbyen, and Claus Julius Blomgreen was hired as backbone manager to head the secretariat. In addition, Patrizia Madsen was employed as backbone consultant in early 2018. The overall role and responsibility of the backbone secretariat is to:

- Ensure that the strategy meets the initiatives vision
- Support aligned activities
- Establish shared measurement practice
- Build insight, knowledge and understanding of the problem – locally and national

In addition to the backbone secretariat, MedVind is organised around a partner group, steering committee, and an advisory board. Lauritzen Fonden plays an active part in both steering committee and partner group.

An amount of DKK 6.0 mill. has been allocated to the initiative, which covers the establishment of the backbone secretariat, the start-up phase and funds to support specific, minor projects in Østerbyen. Lauritzen Fonden and Esbjerg Kommune have made a mutual commitment to support the initiative for a 12-year period.

### Examples of projects in Esbjerg and Helsingør:

**VIVE – The Danish Centre of applied social science:** a 12-year research project seeking to identify educational expectations amongst young people from low-income families. The aim of the research project is to get an understanding of where and when educational expectations arise in young people in order to be able to better target and stimulate this group of young people to embark on education. An amount of DKK 5.1 mill. has been allocated to the project, and **Esbjerg** Kommune has been the first municipality to take part in the study, with more municipalities to come. During 2018, the first results of the survey will be presented.



**Mødrehjælpen:** provides social, health, financial and educational support to single parents, pregnant women and vulnerable families with children. Through local volunteer-based associations and children's clothing stores, the target group meets volunteers who are ready to help families in vulnerable situations. Lauritzen Fonden donated DKK 500.000 to help establish a local association in **Helsingør** and to strengthen Mødrehjælpen locally in **Esbjerg**.

**Red Barnet – Plads til alle:** a project that offers disadvantaged children in Helsingør access to leisure and recreational activities. Participation in leisure activities enables important social relationships and creates a sense of community, which is imperative for the children's social well-being and development. The objective of the project is thus to strengthen vulnerable children's life chances through leisure activities and at the core of the project is a three-year partnership between **Helsingør** Kommune (Municipality), Red Barnet (Save the Children), and DBU Sjælland (Danish Football Association, Zealand). Lauritzen Fonden has allocated DKK 1.2 mill. to the project.

### **National project: update on project Legeskibet**

*- example of an ongoing partnership that includes maritime, cultural and social focus*

Total amount granted in 2014 = DKK 16.000.000 over a 5-year period. Lauritzen Fonden is sole financier of the project.

#### **About the project**

Legeskibet is a collaboration with Gerlev Sports Academy, home of the Gerlev Legepark (play park), which is a huge green area in the Western part of Zealand where you can enjoy playing historic and new games – activities that are still very much a part of Danish cultural heritage. The mission of Legeskibet is to re-think the Danish culture of play and movement while creating new opportunities for movement in the Danish harbor areas. The project period runs until 2019 where a concluding report and conference is scheduled. In 2017, Legeskibet finished its third expedition out of four.



#### **2017 in numbers**

In 2017, Legeskibet visited 20 Danish cities and more than 36.000 people stopped by to play and engage in physical activities, totaling more than 100.000 visitors over the past three years. During the year students from 236 school classes received unique training in the art of play. Teachers and childcare assistants were inspired to use play and movement in their teaching to create a stronger feeling of community, well-being and creativity.

Legeskibet introduced the new activity “Design & Play” - a one-day course for the host cities’ joint student council, youth council and other engaged young people with the objective of using play to scope a design process for a specific topic. The outcome has been very positive, both in form of valuable ideas, which were presented to the host cities’ decisions-makers on the so-called Vision Sails (Visionssejladser), but also because the course created an awareness amongst the participants that they can in fact contribute to the concrete development in their city.

In August 2017 Legeskibet visited Esbjerg for the first time and was once again present at the Cultural Summit on Mors.

#### **What's next?**



During the winter period, Legeskibet gathers reports for all the host cities with statistics, best-practice and key points from the maritime playbuildings. The sailing route for 2018 is fully booked and this season the ship will once again visit Esbjerg, this time in connection with the 150-year anniversary of Esbjerg Harbor. The University of Southern Denmark is following the project closely. A log book is kept during the entire project period to gather empirical evidence for a potential research project at the Center for Idræt, Sundhed og Civilsamfund.

Lauritzen Fonden remains an active part of Legeskibets steering committee throughout the period. Legeskibet's focus on culture, movement and education supports the foundation's vision of securing the best preconditions for including all children and youth in meaningful communities.

### **Project dialogue and meetings**

In order to assess our performance and learn from the projects we support, but also to be more proactive we priorities meetings and continued dialogue with our project partners. An increasing number of our projects run over a longer time-period - often several years. To create an extensive relationship with our projects and a better understanding of the process we thus seek to meet the projects on a regular basis. In addition, several trips to Esbjerg to attend meetings, network and project visits have been prioritised and the same for meetings with delegations from Esbjerg to Hellerup.

Network meetings with other foundations are imperative for the continued growth and progress of Lauritzen Fonden. By collaborating on identifying societal challenges and problems together with think tanks, government organisations and NGO's, the foundations in Denmark can create long-term solutions to the complex issues society is facing. By collaborating and sharing knowledge, Lauritzen Fonden seeks to be an active part of that effort.

### **Lauritzen Fonden participates in new knowledge centre for foundations in Denmark**

2017 also marked the year for the launch of Fondenenes Videnscenter – a new Knowledge Centre for Foundations in Denmark. A great number of Denmark's largest foundations, including Lauritzen Fonden came together to establish the centre. The objective of the new knowledge centre is to raise public awareness of foundations and their activities as well as publicise new research on topics relevant to the foundations. Other than becoming a valuable source of information about foundations, an important task for the new centre is to boost the sharing of knowledge as well as exchange of experience between foundations, who are increasingly collaborating on various initiatives and projects.

### **Communication and transparency**

In 2017, the website is still the main platform for external communication and is being maintained and updated by the Communications Officer with support from an external webmaster. The website is a tool to share and engage with our stakeholders, including collaboration partners and the general public. The main objective is to openly communicate *what* we do, *why* we do it and what *difference* we make through our work. We put great emphasize on transparency and seek to demonstrate openness about our activities. Communication efforts include highlighting the many stories that show how our donations and the projects we support are serving the public. By demonstrating a high degree of transparency, we aim to get closer to our stakeholders and not least strengthen the effect of our work and the distributed funds.

Our focus on transparency and the current practice in this area is confirmed in the report "Den Danske fondsanalyse 2017" by Kraft & Partners which analyses the 30 largest foundations in Denmark. The report finds that foundations in general are doing well when it comes to transparency and the report reveals that Lauritzen Fonden meets the 35 stated parameters in Kraft & Partners transparency barometer to a very high degree.



The Foundation's Facebook-page is still an important platform for external communication. With more than 2.300 followers and an increase in post shares and organic reach it has proven to become a valuable tool for reaching stakeholders with news regarding the Foundation's work and projects with no additional marketing costs.

## The Lauritzen Award

Each year Lauritzen Fonden distributes awards as a recognition of an exceptional performance by a Danish artist in the theatrical profession either on stage, in TV or on film. In 2017 the award went to the now late Ole Thestrup and Danica Curcic each receiving DKK 250.000.

2017 marked the 25-year anniversary of the Lauritzen Award and thus a new award was introduced: The Children and Youth Award. In addition, the main award recipients were given the opportunity to hand out DKK 50.000 to a social and humanitarian organisation of their choice. Ole Thestrup donated to the treatment center Stien and Danica Curcic to the Chimalaya Charity, who works to improve maternal and child health.

- The Vision Award DKK 100.000 was given to Bodil Alling
- Children and youth Award DKK 50.000 was given to Theatre Hils din Mor
- The Backstage Award DKK 50.000 was given to Olivia Neergaard-Holm
- The Wauw Award DKK 30.000 was given to Joen Bille
- 2 x Believe-in-you Awards each DKK 20.000 was given to Fanny Bernth and Patrick Baurichter



Once again, the award show took place at Folketeatret in Nørregade, Copenhagen with more than 600 guests attending the festive event. The showcasing of three social and humanitarian projects is now a regular element in the show. After the show, guests were given the chance to meet and greet the projects in the foyer, which once again was a great success and an excellent way of establishing new connections.



The three projects were Fulton, Mødrehjælpen and Fødevarebanken. As an extra recognition of the projects tireless work each of them was given 10.000 DKK to do something special and fun for their volunteers. The picture show volunteers from Mødrehjælpen.

## **Real estate**

### **Herlevgårdsvej**

At the end of 2017, 24 of the 30 apartments were rented out to children, relatives and staff of the Lauritzen Group. The remaining 6 apartments are rented out to tenants who already lived in the property when the foundation took over the estate in 2006. The property is operational with an occupancy of 100%. The student apartments are a supplement to the existing employee benefits in the Lauritzen Group.

### **Klithuset**

In 2017, the occupancy rate at Klithuset in Dronningmølle has declined. Occupancy rates during weekdays, meetings and conferences were at 34% compared to 40% the year before. Weekends in 2017 were at 69% versus 72% in 2016. Operating Klithuset is done with an eye for details keeping the house desirable for parties, social activities and conferences at all times.

### **Other**

The Foundation owns a villa on Onsgårdsvej in Hellerup. The villa is currently rented out.

## **Foundation Governance**

Lauritzen Fonden seeks to demonstrate best practice and overall transparency in its work and we fully support the Danish Recommendations on Foundation Governance.

Our current statutory report is based on the Recommendations on Foundation Governance and available on <https://www.lauritzenfonden.com/da/csr.asp> Available on the website are also reports from previous years.

### **Gender diversity**

The Foundation's charter elected board consists of two women and four men. Please see the section regarding the Board of Directors in this report for information regarding their qualifications and competences.



The Board consists of nine persons; six elected in accordance with Lauritzen Fonden's charter (two women and four men) and three employee elected.

Executive management consists of two persons; one woman and one man.

Gender equality in both executive management and board of directors is in accordance with the Danish Business Authority regulations and the Foundation is thus in compliance.

## **CSR**

At Lauritzen Fonden social responsibility is when we support the Group's employees and their families in terms of grants to e.g. education, their voluntary work, special support in connection with illness and/or other social or financial need. Supporting the Group employees is also a way for us to support the local community and civil society.

An important part of our charter commitment is to support social and humanitarian work. We have a thorough process selecting suitable projects, and we assess the potential impact of the projects we support linking them to larger issues in society. For example, by ensuring education to all, access to culture and leisure activities and being part of healthy communities. Lauritzen Fonden has no distinct policies on CSR, climate, environmental or human rights.

Being an enterprise foundation, our largest CSR footprint is placed with our two large subsidiaries J. Lauritzen A/S and DFDS A/S. Both companies have signed up for the UN's Global Compact, and are thus committed to integrate the UN's ten principles on responsible business conduct into their business strategy and operations. As the Global Compact builds on universal accepted and declared conventions on human and labour rights, protection of the environment and anti-corruption, we see their commitments as a sustainable way to ensure global compliance. As a foundation, we also see grants and support to our companies social and humanitarian projects, as a way of supporting their CSR ambitions and community engagement.

For more information on J. Lauritzen A/S' and DFDS A/S' CSR-strategies, policies, programs and reporting, please refer to <http://www.j-l.com/about/corporate-responsibility> and <http://www.dfdsgroup.com/about/responsibility/> for more details.

Visit <https://www.lauritzenfonden.com/da/csr.asp> for more information on our CSR approach.

## **Distribution fund**

It has been decided to allocate DKK 42,8 mill. for the coming 12 months' fund distributions.

## **Risks**

Risks imposed on the Foundation are solely risk deriving from subsidiaries. Please refer to the Annual Accounts for a detailed description of the risks. Please see [www.j-l.com](http://www.j-l.com) and [www.dfdsgroup.com](http://www.dfdsgroup.com) for more details on the companies' risk management.

## Outlook for 2018

The general consensus among international monetary organisations for the economic activity in 2018 is a slight rise in GDP growth compared to 2017. Growth in international trade is expected to benefit from the broad-based economic upswing.

Financial policies are anticipated to stimulate economic growth and trade. However, there are several risks to the outlook that may negatively affect international shipping, the most important of which include:

- Rising interest rates
- Financial unrest in China due to rising debt levels
- Stock market corrections leading to financial unrest
- The North Korean nuclear crisis
- US trade policy developments

Based on the above J. Lauritzen expect 2018 to be another challenging year on the way back to profitability. Financially, the result for 2018 is expected to be better than in 2017, however not satisfactory.

For DFDS a number of risks and uncertainties pertain to the outlook. The most important among these are possible major changes in the demand for ferry shipping and transport and logistics services. For DFDS, such demand is to a large extent linked to the level of economic activity in primarily Europe, especially northern Europe and in particular the UK following its decision to leave the EU, but also adjacent regions, as well as to competitor actions. The outlook can also be impacted by political changes, first and foremost within the EU, as well as changes in economic variables, especially the oil price and exchange rates. Consequently, the future financial results may differ significantly from expectations.

In 2018 the DFDS Group's EBITDA before special items is expected to be within a range of DKK 2,650-2,850m (2017: DKK 2,702m)

For the Group as a whole, the result for 2018 is expected to be better than 2017.

## Directorships of the Board of Directors and Executive Board as of 23 March 2018

### Board of Directors:



**Jens Ditlev Lauritzen**  
Chairman

Date of birth: June 13, 1956

Date of board entry: March 3 1997, elected chairman April 20, 2009.

Chairman of the Board of:  
Rederklubben  
Klampenborg Galopselskab A/S

Member of the Board of:  
Dansk Galop  
FødevareBanken

### Qualifications:

Management skills within shipping and strategy. Management in general and board members' management. Experience within social and humanitarian work, and work within various associations.

### Dependent/ independent:

Jens Ditlev Lauritzen has been a member of the board for more than 12 years and cannot be considered independent.

Annual fee: DKK 600.000



**Tommy Thomsen**  
Vice chairman

CEO, IFU (Investment fund for developing countries)

Date of birth: September 27, 1957

Date of board entry: April 10, 2016



Chairman of the Board of:  
The Danish Maritime Fund

Member of the board of:  
PSA International Pte Ltd. Singapore  
Advisory Board in Canal de Panama  
C.W. Obel A/S  
Chemical Transportation Group  
Danish Shipowner's Club

Qualifications:  
Management skills within shipping, infrastructure and logistics, strategy development, economic and financial control, asset management, investment and construction of international businesses.  
Experience with investment and collaboration with companies and financial institutions in developing countries.

Dependent/ independent:  
Independent.

Annual fee: DKK 400.000



**Bendt Bendtsen**

Member of the European Parliament and former Minister of Economic and Business Affairs

Date of birth: March 25, 1954  
Date of board entry: January 1, 2009

President for SME Europe

Qualifications:  
Management skills within national and international politics, strategy development and extensive knowledge of shipping and small and medium sized companies. Experience within social and humanitarian challenges.

Dependent/ independent: Independent

Annual fee: DKK 250.000



**Erik G. Hansen**

Director, Hansen Advisers ApS, Tresor Asset Advisers ApS, Rigas Invest Group

Date of birth: July 10, 1952

Date of board entry: April 27, 2017

Chairman of the board of:

Polaris Mgt. A/S

T.T.I.T A/S

Sirius Holding A/S

Deputy chairman of:

Okono Tyggegummi

Bagger-Sørensen & Co. A/S

Member of the board of:

Bavarian Nordic A/S

Ecco Sko A/S

Lesanco ApS

Wide Invest ApS

Farumgade 2B A/S

Bagger-Sørensen Fonden

Qualifications:

Special qualifications within investment, management and strategy. Great experience within finance, capital investments and pension relations.

Dependent/ independent: Independent

Annual fee: DKK 250.000



**Kigge Hvid**

CEO INDEX: Design to Improve Life

Date of birth: July 30, 1961

Date of board entry: December 1, 2010

Chairman of the International Advisory Board of:

Hong Kong Jockey Club, Design Institute for Social Innovation, Hong Kong

Member of the Board of:

Det Sociale Netværk

Qualifications:

International board, management and consultancy experience also in particular with public limited companies. Special competencies within social issues and global challenges, culture, humanitarian work, education, innovation, new businesses models and communication.

Dependent/ independent: INDEX has only received one grant distribution during the last five years (in 2012) thus Kigge Hvid is regarded as independent.

Annual fee: DKK 250.000



**Betina Ipsen**

Member of the Committee of Scouts

Member of the Lauritzen Fonden Grant Committee

Member of the steering committee of DBU's development fund

Date of birth: November 22, 1965

Date of board entry: March 22, 2012

Qualifications:

Experience within social- and humanitarian work, communication, sparring and foundation administration.

Dependent/ independent: Since Betina Ipsen is the grandchild of one of Lauritzen Fonden's founders, she cannot be considered independent.

Annual fee: DKK 250.000



**Niels Ryslev\***

Position: Commercial Head, DFDS A/S

Date of birth: March 23, 1959

Date of board entry: April 1, 2014

Expiration of election period: March 31, 2018

Qualifications:

Management and retail, tourism, passenger freight.

Annual fee: DKK 250.000



**Erik Bierre\***

Position: Senior Vice President J. Lauritzen A/S

Date of birth: June 3, 1962

Date of board entry: May 4, 2010

Expiration of election period: March 31, 2018

Qualifications:

Management experience from international and public limited companies. Experience with shipping, service and consultancy industries. Expertise within finance and IT.

Annual fee: DKK 250.000



**Jesper Jessing\***

Position: Master Mariner, DFDS A/S

Date of birth: January 13, 1963

Date of board entry: April 1, 2014

Expiration of election period: March 31, 2018

Qualifications: Managerial nautical experience with passenger and freight ships in national and international waters. Chief accountant and budget responsible for operations and maintenance.

Annual fee: DKK 250.000

(\* Staff elected)

#### **Executive Board:**



**Bent Østergaard**

CEO

Date of birth: October 5, 1944

Chairman of the Board of:

Frederikshavn Maritime Erhvervspark A/S

Meabco Holding A/S

Lauritzen Ship Owner A/S

Member of the Board of:

Mama Mia Holding A/S

NanoNord A/S

Cantion A/S

With Fonden

Durisol UK

Desmi A/S

Commotive A/S

Minervax A/S

Qualifications:

International management experience, board experience from international and public limited companies.  
Expertise within shipping and financing.

Salary, bonus and benefits	DKK	6.182.029
Director's fees	DKK	187.500



**Inge Grønvold**  
Director

Date of birth: August 13, 1955

Member of the Board of Commotive A/S  
Deputy chairman of the board of Lauritzen Ship Owner A/S

Qualifications:

Philanthropy work within the social and humanitarian area, education and culture. Management and HR in international businesses, foundations and real estate administrations.

Salary, pension and benefits:	DKK	1.431.101
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## Income Statement 1 January – 31 December 2017

DKK '000

Parent		Note	Group	
2016	2017		2017	2016
		<b>Revenue</b>		
		2 Net turnover	18.072.487	16.715.887
2.415	2.435	Other income	26.131	76.825
<b>2.415</b>	<b>2.435</b>	<b>Total</b>	<b>18.098.617</b>	<b>16.792.712</b>
		<b>Costs</b>		
		Vessels running costs	-8.722.004	-8.367.739
-7.844	-7.198	3 Other external costs	-3.751.098	-2.770.447
-6.645	-5.886	4 Staff costs	-3.043.239	-3.001.521
<b>-14.490</b>	<b>-13.084</b>	<b>Total</b>	<b>-15.516.342</b>	<b>-14.139.708</b>
-12.074	-10.649	RESULT BEFORE DEPRECIATIONS	2.582.276	2.653.004
4.670	-63	Profit on sale of tangible fixed assets	9.168	49.063
-1.347	-740	5 Depreciations and write-downs	-1.109.830	-1.376.392
-8.752	-11.452	OPERATING INCOME	1.481.613	1.325.675
48.608	121.205	6 Share of result in subsidiaries		
-	-	7 Share of result in associates and joint ventures	5.914	-38.004
		<b>Financial items</b>		
16.627	8.928	8 Financial income	107.767	110.858
-5.935	-551	9 Financial expenses	-500.809	-472.464
<b>10.692</b>	<b>8.377</b>	<b>Total</b>	<b>-393.042</b>	<b>-361.606</b>
50.548	118.129	RESULT BEFORE TAX	1.094.486	926.065
-	-	10 Income tax	-78.781	-12.498
50.548	118.129	RESULT FOR THE YEAR	1.015.705	913.567
		11 Non controlling interests share of result	-897.575	-863.019
<b>50.548</b>	<b>118.129</b>	<b>12 PROFIT/(LOSS) FOR THE YEAR</b>	<b>118.129</b>	<b>50.548</b>
		Proposed allocation of the result for the year:		
19.861	27.796	Approved grants		
24.649	42.796	Distribution fund		
6.038	47.537	Retained earnings		
<b>50.548</b>	<b>118.129</b>			

## Statement of financial position 31 December 2017

DKK '000

Parent			Group	
2016	2017	Note	2017	2016
<b>ASSETS</b>				
13 FIXED ASSETS				
<b>Intangible assets</b>				
		Goodwill	327.411	366.475
		Other intangible assets	279.484	270.247
		<b>Total</b>	<b>606.895</b>	<b>636.722</b>
<b>Tangible assets</b>				
33.186	32.627	Land, building, terminals and yard facilities	790.031	870.517
		Vessels	10.146.479	10.985.161
622	600	Machinery, tools and equipment	605.388	533.568
		Financial leased machinery, tools and equipment	20.909	26.814
		Assets under construction and prepayments	308.456	136.679
<b>33.808</b>	<b>33.227</b>	<b>Total</b>	<b>11.871.263</b>	<b>12.552.739</b>
<b>Financial fixed assets</b>				
5.450.634	5.139.711	6+13 Investment in subsidiaries		
-	-	7+13 Investments in associates and joint ventures	320.111	581.001
-	-	13 Other securities	10.048	10.548
-	-	13 Other receivables	192.395	86.225
<b>5.450.634</b>	<b>5.139.711</b>	<b>Total</b>	<b>522.554</b>	<b>677.774</b>
<b>5.484.442</b>	<b>5.172.938</b>	<b>2 TOTAL FIXED ASSETS</b>	<b>13.000.712</b>	<b>13.867.234</b>
NON-FIXED ASSETS				
<b>Stocks</b>				
		14 Bunkers and goods for sale	248.953	232.240
		<b>Total</b>	<b>248.953</b>	<b>232.240</b>
<b>Receivables</b>				
		Trade receivables	1.741.313	1.676.902
-	-	Receivables from joint ventures	74.051	52.210
5.323	4.993	Other receivables	250.039	392.002
		10 Deferred tax asset	90.797	120.743
-	-	Prepayments	133.892	128.381
<b>5.323</b>	<b>4.993</b>	<b>Total</b>	<b>2.290.092</b>	<b>2.370.238</b>
<b>214.795</b>	<b>223.702</b>	<b>17 Securities</b>	<b>527.443</b>	<b>542.009</b>
<b>139.084</b>	<b>293.681</b>	<b>17 Cash</b>	<b>1.765.864</b>	<b>1.972.842</b>
<b>359.202</b>	<b>522.375</b>	<b>TOTAL CURRENT ASSETS</b>	<b>4.832.352</b>	<b>5.117.330</b>
<b>5.843.644</b>	<b>5.695.314</b>	<b>TOTAL ASSETS</b>	<b>17.833.064</b>	<b>18.984.564</b>



## Statement of financial position 31 December 2017

DKK '000

Parent			Group	
2016	2017	Note	2017	2016
EQUITY AND LIABILITIES				
EQUITY				
250.000	250.000	Contributed capital	250.000	250.000
5.563.190	5.409.339	Other reserves	5.409.339	5.563.190
<b>5.813.190</b>	<b>5.659.339</b>	<b>Equity</b>	<b>5.659.339</b>	<b>5.813.190</b>
11 Non controlling interest			3.706.653	3.740.810
PROVISIONS				
-	-	10 Deferred tax	197.119	192.865
-	-	15 Other provisions	427.997	525.123
-	-	TOTAL PROVISIONS	625.116	717.988
Liabilities other than provisions				
16 <b>Non-current liabilities other than provisions</b>				
		Mortgage debt, real properties	43.158	47.179
		Mortgage debt, vessels	2.480.623	2.294.304
		Debt, financial leasing	1.529	2.074
		Other debt	1.926.302	1.566.380
-	-	<b>Total</b>	<b>4.451.612</b>	<b>3.909.937</b>
<b>Current liabilities, other than pensions</b>				
-	-	16 Short-term portion of long-term debt	374.945	1.507.512
-	-	Credit institutions	-28.450	0
		Trade payables	1.961.894	1.818.389
-	-	Debt to subsidiaries		
-	-	Corporate tax	26.444	15.853
754	1.681	Other payables	861.879	1.292.310
-	-	Prepayments	159.338	138.874
29.701	34.294	Approved not yet paid grants	34.294	29.701
<b>30.455</b>	<b>35.975</b>	<b>Total</b>	<b>3.390.344</b>	<b>4.802.638</b>
30.455	35.975	2 TOTAL DEBT	8.467.072	9.430.564
<b>5.843.644</b>	<b>5.695.314</b>	<b>EQUITY AND TOTAL LIABILITIES</b>	<b>17.833.064</b>	<b>18.984.564</b>
Accounting policies				
18 Contingent liabilities				
19 Contractual commitments				
23 Change in pledged securities and cash				
24 Related parties				
25 Events after the balance sheet day				

## Statement of changes in Equity

### Group

	Contributed capital	Other reserves	Distribution fund	Total
Balance at 1/1 2017	250.000	5.528.190	35.000	5.813.190
Currency adjustment of equity and result in foreign currencies		-277.425		-277.425
Share of other equity movements		32.811		32.811
Value adjustment of hedging instruments		11.928		11.928
Change in non controlling interests		-11.498		-11.498
As per proposed allocation of the result for the year		118.129		118.129
Approved grants			-25.609	-25.609
Associated costs re. charitable purposes			-2.187	-2.187
Transferred as per proposed allocation		-42.796	42.796	0
Balance at 31/12 2017	250.000	5.359.339	50.000	5.659.339

### Parent

	Contributed capital	Other reserves	Distribution fund	Total
Balance at 1/1 2017	250.000	5.528.190	35.000	5.813.190
Currency adjustment of equity and result in foreign currencies				
Share of other equity movements		-244.184		-244.184
As per proposed allocation of the result for the year		118.129		118.129
Approved grants			-25.609	-25.609
Associated costs re. charitable purposes			-2.187	-2.187
Transferred as per proposed allocation		-42.796	42.796	0
Balance at 31/12 2017	250.000	5.359.339	50.000	5.659.339

## Cash Flow statement

DKK '000	Note	Group	
		2017	2016
	Operating income	1.481.613	1.325.463
	Depreciations and write-downs carried back	1.109.830	1.376.392
	20 Adjustments	21.750	233.200
	21 Change in working capital	-330.101	-278.705
	Cash flow from operations before financial items	2.283.093	2.656.350
	Ingoing financial payments	279.786	136.230
	Outgoing financial payments	-476.891	-561.382
	Cash flow from operating operations	2.085.987	2.231.198
	Paid corporate tax	-1.201	-5.741
	Paid grants	-23.203	-22.995
	<b>Cash flow from ordinary activities</b>	<b>2.061.583</b>	<b>2.202.463</b>
	Investment in intangible fixed assets	-48.453	-52.358
	Investment in tangible fixed assets	-685.200	-2.181.873
	Investment in financial fixed assets	-77.278	-41.894
	22 Investments in subsidiaries/activities	0	-97.315
	Investment in securities	14.565	-603.069
	Dividend received from joint ventures	0	14.049
	Sale of tangible fixed assets	76.390	1.472.941
	Sale of financial fixed assets	247.965	709.380
	<b>Cash flow from investment activities</b>	<b>-472.011</b>	<b>-780.139</b>
	Installment on long-term debt	-1.486.591	-2.089.584
	Proceeds from long-term debt	664.629	779.363
	Paid dividend to non-controlling interest in DFDS	-316.116	-197.198
	Acquisition of treasury shares in DFDS	-641.923	-554.706
	Government grants related to purchase of assets	11.900	19.700
	Change in operating credits	-28.450	-2.090
	<b>Cash flow from financing activities</b>	<b>-1.796.551</b>	<b>-2.044.515</b>
	Changes for the year in cash position	-206.979	-622.191
	Cash beginning of year	1.972.842	2.595.033
	<b>17 Cash end of year</b>	<b>1.765.863</b>	<b>1.972.842</b>

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements

## Notes

### 1 Accounting policies

The annual report of Lauritzen Fonden for 2017 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

In 2017, the Foundation has changed its accounting policy with respect to expenses directly associated with the Charitable Activities' donations, so that these are recognised directly in the liquid reserve fund under equity instead of in the income statement. The change in accounting policy has led to an increase in the net result for both the consolidated financial statements and the Parent foundation financial statements of DKK 2,2 mill., whereas equity is unchanged. Comparative figures for 2016 have been restated accordingly.

Apart from the changes described above, the accounting policies are consistent with those of last year.

#### Consolidated financial statements

The consolidated financial statements comprise the Parent foundation, Lauritzen Fonden, and subsidiaries in which the Group directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls, including J. Lauritzen A/S and DFDS A/S.

Enterprises, which are not subsidiaries, over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50% or by, according to agreement, jointly controlling the enterprise together with one or more other companies (joint venture).

The consolidated financial statements are prepared as a consolidation of the audited financial statements of the Parent Foundation and the individual subsidiaries prepared in accordance with the Danish Financial Statements Act.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realized and unrealized gains and losses on intra-group transactions are eliminated. Investments in subsidiaries are set off against the proportionate share of the subsidiaries' net asset value at the acquisition date.

Newly acquired or newly established companies are recognized in the consolidated financial statements from the acquisition date, whereas divested or discontinued companies are included until the date of disposal; but see description below regarding consolidation of divested business areas. Comparative figures are not restated for companies acquired by purchase or merger or for divested companies.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities of the acquired enterprises are measured at fair value at the acquisition date. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise.

Goodwill from acquired enterprises may be adjusted until the end of the year following the acquisition year if recognition and measurement of the acquired enterprises' net assets change.

Gains or losses on disposal or liquidation of subsidiaries and associates/joint ventures are stated as the difference between the sales amount or liquidating price and the carrying amount of net assets at the date of disposal plus non-amortized goodwill and anticipated disposal or liquidation costs.

#### Non-controlling interests

In the consolidated financial statements, the subsidiaries' financial statement items are recognized in full. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognized separately in the income statement and balance sheet.

In connection with the purchase and sale of non-controlling interests, the difference between the purchase and selling price, respectively, and the total carrying amount attributable to the purchased or sold non-controlling interests, respectively, are calculated. This amount is transferred from the share of equity attributable to non-controlling interests and the share of equity attributable to Lauritzen Fonden.

### **Foreign currency translation**

Transactions denominated in foreign currencies are translated on an ongoing basis at the exchange rates at the transaction date.

Receivables and payables denominated in foreign currencies are translated at the exchange rates at the transaction date.

Gains and losses arising between the exchange rates at the transaction date and the settlement date are recognized in the income statement under financial income or expenses.

On recognition of foreign subsidiaries and associates/joint ventures and Danish companies that are separate entities reporting in currencies other than DKK, the income statement is translated at the exchange rate at the transaction date (average rate), and the balance sheet is translated at the exchange rates at the balance sheet date. Exchange rate differences arisen when translating foreign subsidiaries' equity at the beginning of the year using the exchange rate at the balance sheet date and when translating income statements from the exchange rate at the transaction date (average exchange rate) to the exchange rate at the balance sheet date are recognized directly in equity.

Exchange rate adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the total investment in the subsidiary are recognized directly in equity. Exchange rate adjustments on loans and derivative financial instruments designated as

hedges of foreign subsidiaries are also recognized directly in equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent write-down of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are recognized at the historical exchange rates applying to the non-monetary item.

Long-term foreign currency loans are recognized at the exchange rate at the balance sheet date. For loans in foreign currencies taken out ensure the Group's future foreign exchange earnings, the exchange rate adjustment which derives from long-term foreign currency loans by changing historical rates into closing rates, is recognized directly in equity. The item is reduced and is included in the income statement as installments are paid.

### **Income statement**

#### **Revenue**

Revenue from passenger services and regular services is recognized in the income statement at the date of delivery to the customer, which is also the date of the transfer of risk.

For shipping in general, a proportionate share of the expected income of ship in progress at year end is included, and a proportionate share of the projected costs is included in costs.

The profit/loss for vessels operating in partnerships where underemployment risk and profit are shared is recognized in revenue on a net dividend basis.

Revenue is measured exclusive of VAT, excise duties and discounts offered in connection with the sale.

### **Costs**

At the date when passenger services and regular services are recognized as revenue, attributable costs are expensed.

### **Vessels running costs**

Vessels running costs include fuel consumption, maintenance and repairs, crew staff costs, insurance of hulls and machinery, consumption of lubricants and supplies, etc.

Furthermore, cost of sales related to catering and services on bareboat and time charter agreements relating to operations as well as port costs, agent expenses and other travel-related costs are also included.

### **Staff costs**

Staff costs include salaries and wages, pension and social security costs relating to the Group's employees. It also includes costs related to employees who have retired from the Group.

### **Other external costs**

Other external costs include sales costs and administrative expenses include land-based activities, including leases, rent and maintenance of equipment. Furthermore, sales costs, marketing costs and administrative expenses are included.

### **Financial income and expenses**

Financial income and expenses include interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, calculated interest expenses in respect of lease liabilities and amortization of financial assets and liabilities. Financial income and expenses are recognized at the amounts relating to the financial year.

### **Profit/loss in subsidiaries and joint ventures**

The Parent foundation's income statement includes the proportionate share of the individual subsidiaries' profit/loss after tax after elimination of intra-group profits/losses and amortization of goodwill.

In both the Parent foundation's and the consolidated income statement, the proportionate share of joint ventures' profit/loss after tax after elimination of the proportionate share of profits/losses and amortization of goodwill is included.

### **Tax on profit/loss**

Tax for the year comprises income tax, tonnage tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to income and expenses recognized in equity is recognized directly in equity. The Group is subject to the Danish rules on compulsory joint taxation. LF Investment ApS is the administrative foundation of Danish subsidiaries with a ownership interest exceeding 50%. Subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements until the date at which they are excluded from consolidation.

### **Balance sheet**

#### **Intangible assets**

#### *Goodwill*

Goodwill is amortized over the estimated useful life, not exceeding 20 years, and the longest period is when the investment is of strategic importance due to long-term earnings potential of the investment.

The net asset value of goodwill is assessed regularly and is written down to the recoverable amount over the income statement if the carrying amount exceeds the expected future net income from the business or activity to which the goodwill relates.

#### *Development projects*

Development projects are recognized as intangible assets when the following conditions are met:

- The projects are clearly defined and identifiable

- The projects are expected to be used within the Group
- Future earnings are expected to cover development costs and administrative expenses
- The cost can be reliably determined.

Development projects that do not meet the above criteria are recognized as expenses in the income statement.

Capitalized development costs are recognized at the lower of cost less accumulated amortization or recoverable amount. Cost includes costs for sub-suppliers, materials, direct payroll costs and indirect production costs.

Capitalized development costs are amortized from the date of completion of the development project over the period in which they are expected to generate economic benefits for the Group. The amortization period is usually 3-5 years but may in certain cases be up to 10 years.

Other intangible assets comprise the value of customer relations or similar identified as a part of business combinations, and which have definite useful life. Other non-current intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight- line basis over the expected useful life, which normally is 3-10 years.

#### **Property, plant and equipment**

Property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses.

Cost includes costs for sub-suppliers, materials, components, direct payroll costs and indirect costs.

Incurred interest expenses on loans to finance the production of non-current asset relating to the production period are included in cost.

Non-current assets acquired in foreign currencies are translated at the exchange rate at the date of acquisition. Gains or losses on hedges relating to

the acquisition of non-current assets are recognized as part of the value of the non-current asset.

- Land is not depreciated.
- Buildings are depreciated on a straight line basis. Expected useful life of buildings is 50 years.
- Machinery, tools and equipment are depreciated on a straight line basis. Expected useful life of machinery, tools and equipment is 5-10 years.

#### **Vessels**

Vessels are recognized at cost less accumulated depreciation and impairment losses. Cost includes costs directly attributable to the acquisition until the date when the vessel is ready for use, including costs for sub-suppliers, advisory services, materials, components, direct payroll costs related to supervision, etc., and indirect costs.

As a result of differences in the wear on the components of passenger ships, the cost of these ships is split into components with little wear and excessive wear, respectively.

Conversion of vessels is capitalized if the conversion is attributable to measures for prolonging the life of the vessels or improving earnings. Conversions are treated as additions to cost and are depreciated over the same residual period as the original asset.

For offshore service vessels with accommodation facilities (ASV), the vessel's cost is divided into components with minor wear, such as hull and engine, and components with high wear, such as accommodation and catering areas.

Costs for docking and other improvements of the vessels are capitalized when incurred and depreciated over the period between two dockings. In most cases, the docking interval is 2 years for passenger ships and 2,5 years for other vessels.

Depreciation is made on a straight-line basis over the vessels' expected useful lives.

The expected useful lives of vessels are 25-30 years.

For vessels written down to 0 or older than 25 years, an individual assessment of the vessels' remaining lives is made annually.

For passenger ships, cost is divided into components with minor wear, such as hull and engines, and components with high wear, such as accommodation and catering areas. Components with high wear are depreciated over 10-15 years, while components with minor wear are depreciated over the remaining lives of the ships determined based on an assessment of the individual ships. Components with minor wear are depreciated over 30 years from the year when the ship was built.

Estimated useful lives and residual values are assessed at least once a year. When assessing the expected economic life of vessels, the substantial funds used for ongoing maintenance are taken into account.

An impairment test of the vessels is carried out annually. Vessels are written down to the lower of the recoverable amount and carrying amount. The recoverable amount is the higher of the present value of the net income the vessel is expected to generate (value in use) and the net selling price of the vessel. For vessels which are expected to be sold, the recoverable amount equals the net selling price of the vessel.

Gains and losses on the disposal of vessels are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses on the disposal of vessels are recognized as a separate line item in the income statement.

#### **Investments in subsidiaries and associates/joint ventures**

Investments in subsidiaries and associates/joint ventures are measured under the equity method.

Investments in subsidiaries and associates/joint ventures are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries and associates/joint ventures with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent foundation has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries and associates/joint ventures is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Lauritzen Fonden are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the acquisition method is applied; see Consolidated financial statements above.

#### **Receivables**

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance



with the Company's and the Group's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

### **Equity**

*Reserve for net revaluation according to the equity method*

Net revaluation of investments in subsidiaries and associates/joint ventures is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

### **Provisions**

Provisions comprise anticipated costs related to warranties, onerous contracts, restructurings, etc. Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

### **Liabilities other than provisions**

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the

difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

### **Cash flow statement**

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

### **Cash flows from operating activities**

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

### **Cash flows from investing activities**

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

### **Cash flows from financing activities**

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

## 2 Net turnover

### 2017

	<b>Net turnover</b>	<b>Result before financial items</b>	<b>Fixed assets</b>	<b>Liabilities</b>
J. Lauritzen	3.631.403	-195.327	2.512.627	1.483.088
DFDS	14.327.808	1.687.711	9.843.404	6.694.662
Other	113.276	-4.857	644.681	289.322
	<b>18.072.487</b>	<b>1.487.527</b>	<b>13.000.712</b>	<b>8.467.072</b>

### 2016

	<b>Net turnover</b>	<b>Result before financial items</b>	<b>Fixed assets</b>	<b>Liabilities</b>
J. Lauritzen	2.908.574	-321.663	2.947.630	2.760.589
DFDS	13.790.373	1.622.165	9.966.509	6.319.651
Other	16.940	-13.043	953.095	350.325
	<b>16.715.887</b>	<b>1.287.459</b>	<b>13.867.234</b>	<b>9.430.564</b>

## 3 Other external costs

Fee to auditors elected by the Board and directors:

	<b>Group</b>		<b>Parent</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Audit	7.809	8.927	260	260
Other assurance engagements	345	444		
Tax and VAT advisory services	830	1.538		
Other services	305	1.829		
Total	<b>9.288</b>	<b>12.737</b>	<b>260</b>	<b>260</b>

## 4 Staff costs

	<b>Group</b>		<b>Parent</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Salaries incl. remuneration to Board of Directors	2.466.956	2.430.201	5.402	6.155
Pensions	120.311	123.820	484	490
Social security	455.973	447.501	0	0
Total	<b>3.043.239</b>	<b>3.001.521</b>	<b>5.886</b>	<b>6.645</b>
Average number of employees	7.950	7.863	5	5
Number of employees as at 31 December	7.872	7.948	6	5
Remuneration:				
Board of Directors			2.752	2.682
Executive management	5.653	8.797	2.148	2.154

Parent salaries for 2017 amount to tDKK 5.977 of which tDKK 575 has been deducted as this amount concerns projects, and has been recognised as part of Lauritzen Fondens grants. Compared to 2016, salaries amounted to tDKK 6.367 of which tDKK 212 was deducted.

Above mentioned salaries relating to projects corresponds to 0,7 average employee and 0,3 average employee in 2016.

## 5 Depreciations and write-downs

	Group	
	2017	2016
Goodwill	41.186	38.168
Other intangible assets	38.170	26.917
Buildings, terminals and yard facilities	47.553	45.300
Vessels	853.202	1.153.267
Machinery, tools and equipment	122.893	103.763
Financial leased machinery, tools and equipment	6.827	8.978
	<u>1.109.830</u>	<u>1.376.392</u>

	Parent	
	2017	2016
Buildings	718	1.325
Tools and equipment	22	22
	<u>740</u>	<u>1.347</u>

## 6 Investments in subsidiaries – (parent)

	Ownership	2017		2016	
		Result	Equity	Result	Equity
J. Lauritzen A/S, Copenhagen	100%	-297.423	1.661.773	-299.535	1.571.627
DFDS A/S, Copenhagen	43%	680.854	2.731.512	664.591	2.804.426
LF Investment ApS, Copenhagen	100%	-262.226	788.466	-274.408	1.074.581
		<u>121.205</u>	<u>5.181.751</u>	<u>90.648</u>	<u>5.450.634</u>
Internal profit/(loss)		0	-42.040	-42.040	0
		<u>121.205</u>	<u>5.139.711</u>	<u>48.608</u>	<u>5.450.634</u>

DFDS is considered a subsidiary based on de-facto control and the ownership percentage is 43,1%.

## 7 Investments in Associates and Joint Ventures – (group)

	2017		2016	
	Result	Equity	Result	Equity
In total	<u>5.914</u>	<u>320.111</u>	<u>-38.004</u>	<u>581.001</u>
	5.914	320.111	-38.004	581.001

## 8 Financial income

	2017		2016	
	Group	Parent	Group	Parent
Interest income	68.643	8.017	68.629	16.627
Exchange gains and losses on securities	0	911	1.466	0
Currency exchange gains	39.124		40.763	
	107.767	8.928	110.858	16.627

## 9 Financial costs

	2017		2016	
	Group	Parent	Group	Parent
Interest expenses	301.920	551	398.962	0
Other financial expenses	23.389		73.502	
Currency exchange gains and losses	0		0	
Exchange losses on securities	175.500	0	0	5.935
	500.809	551	472.464	5.935

## 10 Tax

Group:

	2017	2016
Deferred tax	-37.217	-29.988
Current tax	-41.564	17.490
Income tax	-78.781	-12.498
Deferred tax 1/1	60.529	30.943
Addition from investment in subsidiaries	0	0
Tax on equity	-2.800	-39.900
Currency exchange adjustment of deferred tax in foreign subsidiaries	3.126	5.898
Adjustment to previous year	100	33.600
Tax on profit	37.217	29.988
Deferred tax 31/12	98.172	60.529
Deferred tax concerns:		
Tangible assets	-194.800	-183.156
Liabilities	46.300	46.600
Taxable losses carried forward	39.052	65.895
Other	1.500	-1.425
	-107.948	-72.085
Deferred tax is shown as:		
Deferred tax asset	90.797	120.743
Deferred tax liability	-197.119	-192.865
	-106.322	-72.121
Parent:		
Current tax	0	0
	0	0

## 11 Non controlling interests

	Result		Balance sheet	
	2017	2016	2017	2016
Non controlling interests in DFDS A/S	-897.593	-863.057	3.655.102	3.689.251
Other non controlling interests	18	38	51.551	51.559
	-897.575	-863.019	3.706.653	3.740.810

## 12 Recommended appropriation of profit/loss for the year

Parent

	2017	2016
Approved grants	27.796	19.649
Applied from grant distribution fund	42.796	24.649
Retained earnings	47.537	6.038
	<u>118.129</u>	<u>50.336</u>

## 13 Fixed assets

Group

	Goodwill	Other intangible assets	Land, buildings and terminals	Vessels	Machinery, tools and equipment
Cost at 1/1 2017	854.659	541.686	1.278.085	21.912.261	1.348.571
Exchange rate adjustments	373	-1.425	-42.126	-1.197.900	-17.877
Transfer to/from other items	0	0	426	257.148	11.468
Additions	0	48.453	8.142	448.723	186.698
Disposals	0	0	-32.740	-438.901	-45.198
Cost at 31/12 2017	<u>855.032</u>	<u>588.714</u>	<u>1.211.788</u>	<u>20.981.331</u>	<u>1.483.662</u>
Depreciation and write-down at 1/1 2017	488.184	271.439	407.569	10.927.100	815.003
Exchange rate adjustments	-1.749	-379	-20.758	-435.022	-16.856
Transfer to/from other items	0	0	-1.198	-98.712	-2.226
Depreciation	41.186	38.170	37.527	927.126	122.550
Impairment losses/reversal of losses			10.000	-87.603	0
Disposals	0	0	-11.382	-398.038	-40.197
Depreciation and write-down at 31/12 2017	<u>527.621</u>	<u>309.230</u>	<u>421.757</u>	<u>10.834.852</u>	<u>878.274</u>
Booked value at 31/12 2017	<u>327.411</u>	<u>279.484</u>	<u>790.031</u>	<u>10.146.479</u>	<u>605.388</u>
Booked value of mortgage assets				3.565.092	
Booked value at 31/12 2016	<u>366.475</u>	<u>270.247</u>	<u>870.517</u>	<u>10.985.161</u>	<u>533.568</u>

Note 13 continued

Group

	Financial leased machinery, tools and equipment	Assets under construction and prepayments	Investments in associates and joint ventures	Other securities	Other receivables
Cost at 1/1 2017	121.785	364.801	981.744	18.362	86.225
Exchange rate adjustments	0	330.911	-29.988	-500	
Transfer to/from other items	5.429	-375.391	-783	0	
Additions	0	192.859	-28.892	0	106.170
Disposals	-10.916	-151.222	-247.965	0	0
Cost at 31/12 2017	116.298	361.958	674.117	17.862	192.395
Depreciation and write-down at 1/1 2017	94.971	228.122	400.744	7.814	0
Exchange rate adjustments	-888	-20.924	-28.298	0	
Transfer to/from other items	2.226	0	0	0	
Depreciation	6.828	0	0	0	
Write-downs	0	0	-18.440	0	
Reversed write-downs on disposals	-7.748	-153.696	0	0	
Depreciation and write-down at 31/12 2017	95.389	53.502	354.005	7.814	0
Booked value at 31/12 2017	20.909	308.456	320.111	10.048	192.395
Booked value at 31/12 2016	26.814	136.679	581.001	10.548	86.225

Note 13 continued

Parent

	Land, buildings and terminals	Tools and equipment	Investments in subsidiaries
Costs at 1/1 2017	47.654	2.479	11.009.286
Additions	0	0	497.152
Disposals	159		-463.877
Costs at 31/12 2017	47.813	2.479	11.042.561
Depreciation and write-down at 1/1 2017	14.468	1.858	5.558.652
Received dividend			239.184
Depreciation	718	22	
Value adjustment in the year			105.013
Depreciation and write-down at 31/12 2017	15.185	1.880	5.902.849
Booked value at 31/12 2017	32.627	600	5.139.711
Booked value at 31/12 2016	33.186	622	5.450.634

**Specification of movements in investments in subsidiaries:**

Balance at 1/1 2017	5.450.634
Disposal of DFDS shares	-463.877
Capital increase in subsidiaries	497.152
Share of other equity movements	-226.218
Share of result, cf. Note 6	121.205
Received dividend	-239.184
	<u>5.139.712</u>

**14 Stocks**

Group

	2017	2016
Bunkers	167.567	158.478
Goods for sale	81.386	73.762
	<u>248.953</u>	<u>232.240</u>

**15 Other provisions**

Group

	2017	2016
Pension obligations	359.600	442.200
Other obligations	68.397	82.923
	<u>427.997</u>	<u>525.123</u>

Other provisions are expected to be payable in:	0 - 1 year	0
	After 1 year	427.997



## 16 Long-term debt

Group

	<b>2017</b>		<b>2016</b>	
	Expires after more than 5 years	Short-term portion	Expires after more than 5 years	Short-term portion
Mortgage debt, real properties	11.672	4.021	14.784	4.007
Mortgage debt, vessels	663.108	169.189	576.770	317.457
Debt, financial leasing	0	3.300	0	772.300
Credit institutions	0	72.100	47.000	46.300
Corporate Bonds	0	124.900	0	363.436
Other debt	0	1.435	0	4.012
	<b>674.780</b>	<b>374.945</b>	<b>638.554</b>	<b>1.507.512</b>

## 17 Free cash and securities

	<b>2017</b> Parent	<b>2016</b>	<b>2017</b> Group	<b>2016</b>
Securities	223.702	214.795	527.443	542.009
Hereof shares	-173.287	-113.438	-468.190	-440.651
Cash	293.681	139.084	1.765.864	1.972.842
	<b>344.096</b>	<b>240.441</b>	<b>1.825.118</b>	<b>2.074.200</b>

## 18 Contingent liabilities

Group

	<b>2017</b>	<b>2016</b>
Guarantees and surety commitments	275.477	827.280
Max. obligation for participation in projects	127.710	145.329
	<b>403.187</b>	<b>972.609</b>

If DFDS leaves the Danish tonnage tax regime there could be a deferred tax liability of up to a maximum of DKKM 402 (2016: DKKM 390)

If JL leaves the Danish tonnage tax regime there could be a deferred tax liability of up to a maximum of DKKM 37 (2016: DKKM 56)

Certain claims have been raised against the group companies. The judgment of the management is that the outcome of these claims will not have any material impact on the group's financial position

In connection with disposals of activities and assets, certain guarantees, inclusive for tax and environment items, are issued.

Note 18 continued

Parent

Lauritzen Fonden has issued below guarantees on behalf of its subsidiaries:

<b>Creditor</b>	<b>Amount in USD M</b>	<b>Regarding</b>
The Bank of Tokyo-Mitsubishi UFJ Ltd Citibank N.A. Tokyo Branch	12,7	J Lauritzen refinansiering loan facility (JPY 1.429.394.612)
Nordea Bank A/S	2,5	J Lauritzen refinansiering loan facility
Danske Bank A/S	14,7	J Lauritzen refinansiering loan facility
DSK	18,6	J Lauritzen refinansiering loan facility
Nordea Bank AB Singapore Branch	18,2	J Lauritzen refinansiering loan facility
KfW IPEX-Bank GmbH	11,2	On behalf of Dan Swift (Singapore) Pte. Ltd a guarantee has been issued covering repayment of loan granted to Dan Swift (Singapore) Pte. Ltd, limited up to a maximum amount of 20% of the total outstanding loan amount.
<b>Total</b>	<b>77,8</b>	

LF Investment has issued below guarantees on behalf of its subsidiaries:

<b>Creditor</b>	<b>Amount in USD M</b>	<b>Regarding</b>
Deutsche Bank	29,3	Loan facility granted to Lauritzen Ship Owner A/S
<b>Total</b>	<b>29,3</b>	

## 19 Contractual commitments

Group

	<b>2017</b>	<b>2016</b>
	Minimum obligation	Minimum obligation
Lease and rent obligations, off-balance items		
Land and buildings, remaining life 1 - 100 year	147.800	189.300
Port terminal , remaining life 1 - 42 year	1.610.400	1.725.700
Vessels, remaining life 1 - 14 year	3.670.174	4.429.649
Machinery, tools and equipment, remaining life 1 - 4 year	156.800	152.100
	<b>5.585.174</b>	<b>6.496.749</b>
Longterm charterparties of vessels concerns:	Number	Number
Bulk-carriers, remaining life 1 - 8 year	25	32
Ro-Ro vessels, remaining life 1 - 6 year	7	10
Gas-carriers, remaining life 1 - 3 year	7	5

## 20 Adjustments

	2017	2016
Currency exchange	21.118	270.263
Profit/Loss on sale of fixed assets	-9.168	-49.063
Other	9.800	12.000
	<u>21.750</u>	<u>233.200</u>

## 21 Change in working capital

	2017	2016
Change in stocks	-16.713	-70.755
Change in receivables	50.200	238.635
Change in provisions	-97.126	-340.852
Change in trade payables inclusive other short-term debt	-266.462	-105.732
	<u>-330.101</u>	<u>-278.704</u>

## 22 Investment in subsidiaries/activities

	2017	2016
Intangible fixed assets	0	-60.938
Other fixed assets	0	-36.377
	<u>0</u>	<u>-97.315</u>

## 23 Change in pledged securities and cash

	2017	2016
Pledged cash as at 1/1	35.803	35.803
Pledged cash as at 31/12	0	35.803
	<u>-35.803</u>	<u>0</u>

## 24 Related parties

Related parties with a significant influence of the activities in the Lauritzen Fonden is Lauritzen Fonden's Board of Directors and the Executive Management. Other related parties comprise all companies in the Lauritzen Fonden Group and their Board of Directors and Executive management

Related part	Basis for relation	Nature of transaction	Amount in DKK '000
DFDS A/S	Subsidiary	Dividend	239.184
J. Lauritzen A/S	Subsidiary	Capital injection	497.152
LF Investment ApS	Subsidiary	Administration fee from Lauritzen Fonden	391
AHK nr. 184 ApS	Associated company	Working capital	100
Commotive A/S	Associated company	Working capital	500
NanoNord A/S	Associated company	Working capital	11.500

The Foundation has paid remuneration to the executive board. Please refer to note 4.

## 25 Events after the balance sheet date.

Apart from the events recognised or disclosed in the consolidated financial statements, no events have occurred after the balance sheet date.

## List of Group Companies

Name	Country	Ownership share %
Lauritzen Fonden	Denmark	
J. Lauritzen A/S	Denmark	100
J. Lauritzen Shanghai Co. Ltd.	China	100
De Forenede Sejlskibe I/S*	Denmark	43
KRK 4 ApS**	Denmark	100
Lauritzen Reefers A/S**	Denmark	100
Admiral Logistics Corporation*	Panama	50
Lauritzen Kosan Manila ROHQ	Philippines	100
J. Lauritzen Singapore Pte. Ltd.	Singapore	100
LKT Gas Carriers Pte. Ltd.*	Singapore	50
Milau Pte. Ltd.*	Singapore	50
Gasnaval S.A.	Spain	100
J. Lauritzen S.A.	Switzerland	100
J. Lauritzen (USA) Inc.	USA	100

\* Joint Venture

\*\* Dormant

Name	Country	Ownership share %
DFDS A/S*	Denmark	43
DFDS Seaways NV	Belgium	100
DFDS Logistics NV	Belgium	100
DFDS Logistics Services NV	Belgium	100
DFDS Logistics s.r.o	Czech Republic	100
DFDS A/S	Denmark	100
DFDS Germany ApS	Denmark	100
DFDS Stevedoring A/S	Denmark	100
DFDS Seaways Newcastle Ltd	England	100
DFDS Seaways Plc.	England	100
DFDS Logistics Ltd	England	100
DFDS Logistics Services Ltd	England	100
DFDS Seaways (Holding) Ltd	England	100
DFDS Logistic Contracts Ltd	England	100
DFDS Pension Ltd	England	100
DFDS Logistics Grimsby Holdings Ltd	England	100
DFDS Logistics Grimsby International Ltd	England	100
DFDS Logistics Property Ltd	England	100
Haulage Shetland Ltd.	England	100
DFDS Seaways OÜ	Estonia	97

<b>Name</b>	<b>Country</b>	<b>Ownership share %</b>
DFDS Logistics OY	Finland	100
DFDS Logistics SARL	France	100
DFDS Seaways S.A.S	France	100
DFDS Germany ApS & Co. KG	Germany	100
DFDS Logistics BV	The Netherlands	100
DFDS Seaways Terminals BV	The Netherlands	100
DFDS Seaways BV	The Netherlands	100
DFDS Holding BV	The Netherlands	100
DFDS Seaways IJmuiden BV	The Netherlands	100
DFDS Logistics Contracts (Ireland) Ltd	Ireland	100
DFDS Logistics (Ireland) Ltd	Ireland	100
DFDS Logistics S.p.A	Italy	100
DFDS Logistics Baltic SIA	Latvia	100
DFDS Seaways SIA	Latvia	100
AB DFDS Seaways	Lithuania	97
UAB Krantas Travel	Lithuania	97
North Sea Terminal AS	Norway	100
DFDS Logistics AS	Norway	100
Moss Container Terminal AS	Norway	100
DFDS Logistics Rederi AS	Norway	100
DFDS Seaways AS	Norway	100
DFDS Polska Sp. Z.o.o.	Poland	100
DFDS Logistic East	Russia	100
DFDS Seaways Ltd	Russia	100
DFDS Seaways AB	Sweden	100
DFDS Logistics AB	Sweden	100
DFDS Logistics Contracts AB	Sweden	100
DFDS Seaways Holding AB	Sweden	100
DFDS Logistics Services AB	Sweden	100
Italcargo Sweden AB	Sweden	100
DFDS Logistics Karlshamn AB	Sweden	100
Karlshamn Express AB	Sweden	100
Karlshamn Express & Spedition AB	Sweden	100

\* Recognized as subsidiary as Lauritzen Fonden has de-facto control.  
DFDS has 21 dormant companies

<b>Name</b>	<b>Country</b>	<b>Ownership share %</b>
LF Investment ApS	Denmark	100
Frederikshavn Maritime Erhvervspark A/S	Denmark	100
K/S Østre Havn, Aalborg	Denmark	50
Østre Havn Aalborg ApS	Denmark	50
Lauritzen Ship Owner A/S	Denmark	100
NanoNord A/S	Denmark	40
MamaMia Holding A/S	Denmark	65
AHK NR. 186 ApS	Denmark	50
Commotive A/S	Denmark	45
Axis Offshore Pte. Ltd	Singapore	34

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