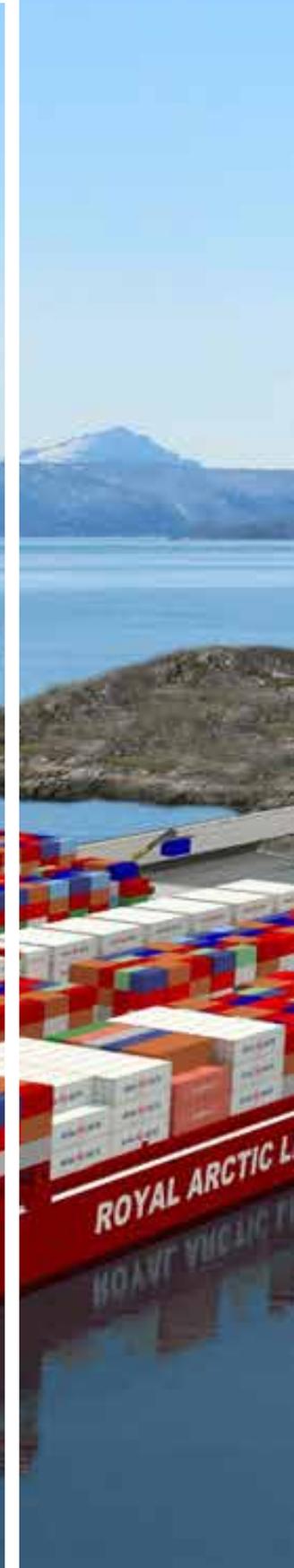


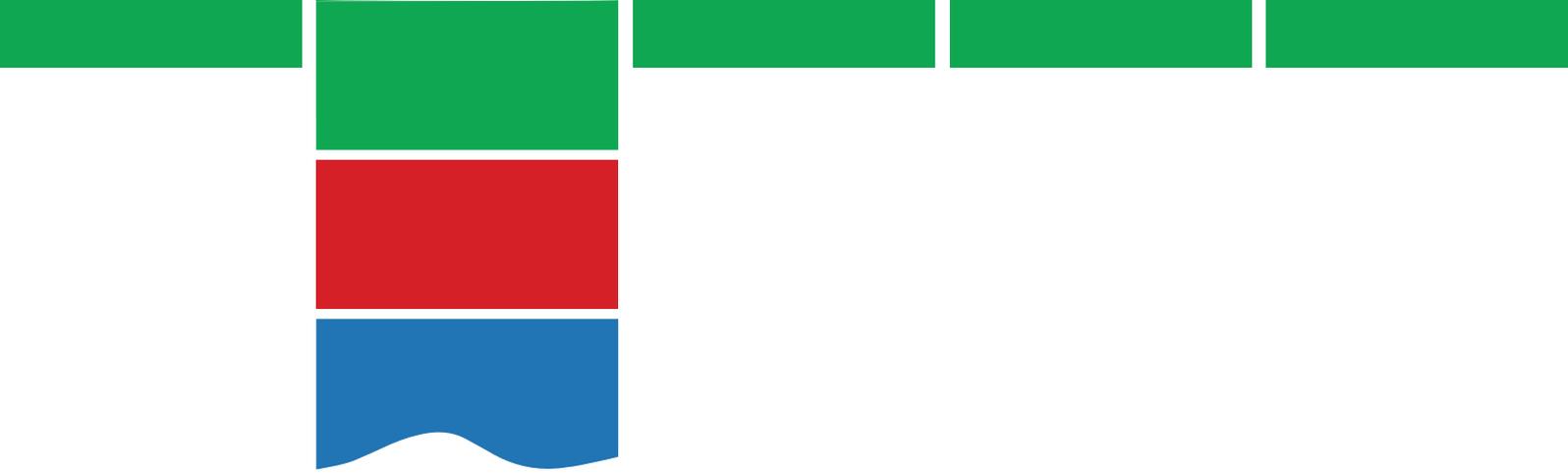
SIKUKI

Nuuk Harbour A/S

ANNUAL REPORT

2014





SIKUKI
Nuuk Harbour A/S

Reg.nr. A/S 541 406

ANNUAL REPORT
2014

Editorial staff:

Jesper Johannesen, SNH,
Pia Christensen Bang, Ap-
ropos

Illustrations:

Leiff Josefsen
TNT Nuuk

Layout:

irisager.gl

The Annual General Meeting adopted the annual report on 8 April 2015.

Chairman of the Annual General Meeting
Malling & Hansen Damm

Member of Deloitte Touche Tohmatsu Limited

CONTENT

ENTITY DETAILS	4
STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT	5
INDEPENDENT AUDITOR'S REPORT	6
MANAGEMENT'S REPORT	7
ACCOUNTING POLICIES	11
INCOME STATEMENT FOR 2014	13
BALANCE SHEET AT 31.12.2014	14
STATEMENT OF CHANGES IN EQUITY FOR 2014	16
NOTES	17

This document is an unofficial translation of the Danish original.
In the event of any inconsistencies, the Danish version shall apply.

ENTITY DETAILS

ENTITY

Sikuki Nuuk Harbour A/S
P O Box 4102
3900 Nuuk, Greenland
Reg. no.: A/S 541 406
GER no.: 12 70 69 52
Registered in: Sermersooq, Greenland
Financial year: 23.12.2013 - 31.12.2014

BOARD OF DIRECTORS

Lars Erik Karlsson, Chairman
Anna-Berit Koertz
Christine M.F. Tønnessen
John Rasmussen
Haukur Óskarsson, Deputy Chairman



EXECUTIVE BOARD

Jesper Johannesen, Chief Executive Officer



AUDITORS

Deloitte Statsautoriseret Revisionspartnerselskab
Imaneq 33, 6th-7th floor
3900 Nuuk, Greenland

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and approved the annual report of Sikuki Nuuk Harbour A/S for the financial year 23.12.2013 to 31.12.2014.

The annual report is presented in accordance with the Greenlandic Financial Statements Act.

In our opinion, the annual report gives a true and fair view of the Entity's financial position at 31.12.2014 and of the results of its operations for the financial year 23.12.2013 to 31.12.2014.

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

Nuuk, 13 March 2015

EXECUTIVE BOARD

Jesper Johannesen
Chief Executive Officer

BOARD OF DIRECTORS

Lars Erik Karlsson
Chairman

Anna-Berit Koertz

Christine M.F. Tønnessen

John Rasmussen

Haukur Óskarsson
Deputy Chairman

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SIKUKI NUUK HARBOUR A/S

We have audited the annual report of Sikuki Nuuk Harbour A/S for the financial year 23.12.2013 to 31.12.2014, which comprises the statement by Management on the annual report, management commentary, accounting policies, income statement, balance sheet, statement of changes in equity and notes. The annual report is prepared in accordance with the Greenlandic Financial Statements Act.

MANAGEMENT'S RESPONSIBILITY FOR THE ANNUAL REPORT

Management is responsible for the preparation of an annual report that gives a true and fair view in accordance with the Greenlandic Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of an annual report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Greenlandic audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual report is free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of an annual report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

OPINION

In our opinion, the annual report gives a true and fair view of the Entity's financial position at 31.12.2014 and of the results of its operations for the financial year 23.12.2013 to 31.12.2014 in accordance with the Greenlandic Financial Statements Act.

Nuuk, 13 March 2015

Deloitte

Statsautoriseret Revisionspartnerselskab

Claus Bech

State-Authorised Public Accountant



MANAGEMENT'S REPORT

MAIN ACTIVITY

The objective of Sikuki Nuuk Harbour A/S is to own, run and develop harbour facilities in Nuuk and any other activities of relevance to this.

During the company's first phase the objective has been to develop project material and invite bids for the project.

The new harbour is designed for container traffic and will be able to handle the challenges facing the existing container harbour. The new harbour will offer faster handling of vessels using land-based cranes and improved terminal logistics.

Expansion of the harbour will also enable the companies using the harbour to grow and increase their activities involving trawlers, cruise liners and future research operations.

BACKGROUND

Nuuk harbour is the largest harbour in Greenland and it plays a key role in the freight operations transporting goods to and from the country. During recent years, however, Nuuk harbour has been burdened by limitations in the capacity, which has made expansion of the harbour relevant.

The Transport Commission's 2011 white paper led to the foundation of the limited liability company Sikuki Nuuk Harbour A/S on 23 December 2013. The conclusion of the white paper is that a new harbour in Nuuk would lead to a socio-economic surplus, and the Transport Commission recommends that a new harbour should be constructed in the country's capital.

DEVELOPMENT IN ACTIVITIES AND FINANCIAL ASPECTS

The first financial year of Sikuki Nuuk Harbour A/S exhibits a loss of 1,246,000 DKK after taxes, which comes as no surprise to the board of directors who finds the result satisfactory. As was expected, the company has had no income during this period, there have only been expenses incurred for operation of the company, development of the basis of the new container terminal in Nuuk and for the call for bids.

GETTING ORGANISED AND ACTIVITIES

Since its formation by the end of 2013 the company management has focused on setting up an organisation, inviting bids for the harbour and procuring funding. By the end of 2014, the company comprises a managing director and a project manager.

CAPITAL BASE

As the capital base of Sikuki Nuuk Harbour A/S the Greenland Self-government has invested

- 25 million DKK upon formation
- 45 million DKK as a subsequent capital contribution
- 30 million DKK as non-cash contribution in the form of the existing harbour.

In addition to this, the Greenland Self-government has made a commitment to extend a subordinated loan for a total of 110 million DKK.

THE PROJECT

In the process, several sites have been proposed for the new harbour. Of the proposed solutions, building a new harbour at Qeqertat and Fyrø (the Admiralty Islands) presented itself as the most favourable solution from a financial perspective and the one that would offer the best options in the long-term in view of the challenges faced by the harbour.

The site chosen for the new harbour to be built by Sikuki Nuuk Harbour A/S holds good opportunities for future expansions. Overall this means

- a functional harbour with good logistics
- that the harbour and its buildings can be developed and expanded as the need arises
- that the project involves significant savings.

Invitations to bid for a turnkey contract for the project were issued following a pre-qualification round.





CONSIDERATIONS WITH RESPECT TO SOCIETY

All parties involved in the project have worked closely together to create the best competitive circumstances. Thanks to this the project will apply and develop local resources, and the construction work will to a significant degree employ local labour, involving skilled and unskilled workers in addition to interns and apprentices. Overall the use of Greenlandic labour will be equivalent to 90 full-time jobs for 12 months.

”Much to the benefit of the Greenlandic population the successful contractor for this project is Per Aarsleff Groenland ApS who is committed to involving local labour and apprentices. Projects such as this will set the wheels in motion in Greenland.”

*Chairman of the Government of Greenland,
Kim Kielsen (Siumut)*

EXPECTED DEVELOPMENT

Once funding to build the harbour has been finally procured and the project is launched, the potential risks in view of the size and complexity of the project are expected to be modest compared with similar projects.

From mid 2016, Sikuki Nuuk Harbour A/S will take over the existing harbour facilities. From then on the company will be the owner of the existing harbour and the new harbour facilities as well as sites and buildings connected to these (apart from buildings now owned by Royal Arctic Line) and other land-based facilities today owned by the Greenland Self-government.

Sikuki Nuuk Harbour A/S will be managed partially on commercial conditions. The company will derive its income from leasing space, buildings and cranes and duties on vessels and goods. The Self-government has commenced proceedings to amend the legislation relating to the harbour in order to allow for adjustment of duties on vessels and goods. The matter is



expected to be debated during the 2015 spring session of the Greenlandic Parliament, Inatsisartut.

EVENTS AFTER THE BALANCE SHEET DATE

Naalakkersuisut, the Greenland Self-government, approved on 29 January 2015 the contractor that Sikuki Nuuk Harbour A/S had selected for the construction of the new harbour in Nuuk and also that the initial work could commence.

In the light of this Sikuki Nuuk Harbour A/S has entered a contract with Per Aarsleff Grønland ApS for construction of a new container terminal.

The company has received a statement of the project expenses incurred by the company's owner, the Greenland Self-government. A budget has been set up for the acquisition of the project material, as was presumed at the time of the formation of the company and will be realised as presumed at the time of the formation.

ACCOUNTING POLICIES

REPORTING CLASS

The annual report has been presented in accordance with the provisions of the Greenlandic Financial Statements Act governing reporting class B enterprises with addition of a few provisions governing reporting class C enterprises.

RECOGNITION AND MEASUREMENT

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out

of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered on recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

INCOME STATEMENT

OTHER EXTERNAL EXPENSES

Other external expenses include expenses relating to the Entity's ordinary activities, including costs of premises, office expenses, promotion expenses, etc. This item also includes write-downs of receivables recognised in current assets.

STAFF COSTS

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for the Entity's staff.

DEPRECIATION AND IMPAIRMENT LOSSES

Depreciation and impairment losses on property, plant and equipment comprise depreciation and impairment losses for the year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

OTHER FINANCIAL INCOME

Other financial income consists of interest income received.

TAXATION

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to profit/loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

ACCOUNTING POLICIES

BALANCE SHEET

PROPERTY, PLANT AND EQUIPMENT

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Depreciation is provided on a straight-line basis from the following assessment of the assets' expected useful lives:

Other fixtures and fittings, tools and equipment
5 to 7 years

Property, plant and equipment under construction consist of costs incurred for the establishment of the new harbour.

Indirect costs in the form of indirectly attributable staff costs and amortisation/depreciation on intangible assets and property, plant and equipment used in the manufacturing process are recognised in cost based on estimated time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

Land and buildings consist of old harbour areas. The old harbour areas are not subjected to depreciation because the right of use has not yet been exercised.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

RECEIVABLES

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

DEFERRED TAX

Deferred tax is recognised on all temporary differences between the carrying amount and the tax base of assets and liabilities, for which the tax base of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand.

OTHER FINANCIAL LIABILITIES

Other financial liabilities are measured at amortised cost, which usually equals nominal value.

INCOME STATEMENT FOR 2014

	<i>Notes</i>	2014 DKK.
Other external expenses		(618.176)
Gross loss		(618.176)
Staff costs	1	(1.071.840)
Depreciation and impairment losses	2	(27.744)
Operating loss		(1.717.760)
Other financial income		52.300
Loss from ordinary activities before tax		(1.665.460)
Tax on loss from ordinary activities	3	419.439
Loss for the year		(1.246.021)
Proposed distribution of loss		
Retained earnings		(1.246.021)
		(1.246.021)

BALANCE SHEET AT 31.12.2014

	<i>Notes</i>	2014 DKK.
Land and buildings		30.000.000
Other fixtures and fittings, tools and equipment		246.048
Property, plant and equipment under construction		10.728.537
Property, plant and equipment	<i>4</i>	40.974.585
Non-current assets		40.974.585
Deferred tax		419.439
Other receivables		24.000
Receivables		443.439
Cash and cash equivalents		58.285.917
Current assets		58.729.356
Assets		99.703.941

BALANCE SHEET AT 31.12.2014

	<i>Notes</i>	2014 DKK.
Contributed capital		100.000.000
Retained earnings		(1.246.021)
Equity		98.753.979
Trade payables		548.655
Other payables		401.307
Current liabilities other than provisions		949.962
Liabilities other than provisions		949.962
Equity and liabilities		99.703.941
Ownership	5	

STATEMENT OF CHANGES IN EQUITY FOR 2014

	Contributed capital	Retained earnings	Total
	DKK	DKK	DKK
Capital increase	100.000.000	0	100.000.000
Loss for the year	0	(1.246.021)	(1.246.021)
Equity, end of year	100.000.000	(1.246.021)	98.753.979

NOTES

1. STAFF COSTS

	2014
	DKK
Salaries and wages	1.618.460
Pension contributions	117.170
Other social security costs	720
Other staff costs	530.885
Staff costs classified as assets	(1.195.395)
	1.071.840
Number of employees at balance sheet date	2
Average number of full-time employees	1

2. DEPRECIATION AND IMPAIRMENT LOSSES

Depreciation of property, plant and equipment	27.744
	27.744

3. TAX ON LOSS FROM ORDINARY ACTIVITIES

Change in deferred tax	(419.439)
	(419.439)

4. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings DKK	Other fixtures and fittings etc. DKK	Property, plant and equipment under construction DKK
Additions	30.000.000	273.792	10.728.537
Cost, end of year	30.000.000	273.792	10.728.537
Depreciation for the year	0	(27.744)	0
Depreciation and impairment losses, end of year	0	(27.744)	0
Carrying amount, end of year	30.000.000	246.048	10.728.537

Land and buildings are not subjected to depreciation because the right of use of the harbour areas is not exercised until 1 July 2016.

NOTES

5. OWNERSHIP

The Entity has registered the following shareholder as holding all of the voting rights or the entire nominal value of the share capital:

Government of Greenland, Nuuk, Greenland.