Unifeeder A/S

Hveensgade 1, 8000 Aarhus C

CVR No 11 81 05 43

Annual Report for 2016

30th Financial Year

The Annual Report has been presented and adopted at the Annual General Meeting of the Company on 23 / 5 2017

Mie Letager Kjeldsen
Chairman

Contents

Management's Statement on the Annual Report

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Unifeeder A/S for the financial year 1 January 2016 - 31 December 2016.

The Annual Report was prepared in accordance with the Danish Financial Statements Act. In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company, of the results of the Group and Parent Company operations and of consolidated cash flows.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 4 May 2017

Executive Board

Jesper Kristensen

Board of Directors

Jesper Præstensgaard
Chairman

Lars Terney

Jess Ørgaard Libak Tropp

Hans Kasper Madsen

Roland Munkerod Andersen

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Independent Auditor's Report

To the Shareholder of Unifeeder A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Unifeeder A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statements of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Independent Auditor's Report

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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.

- Based on the work we have performed, in our view, Management's Review is in accordance with the

Independent Auditor's Report

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the 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.

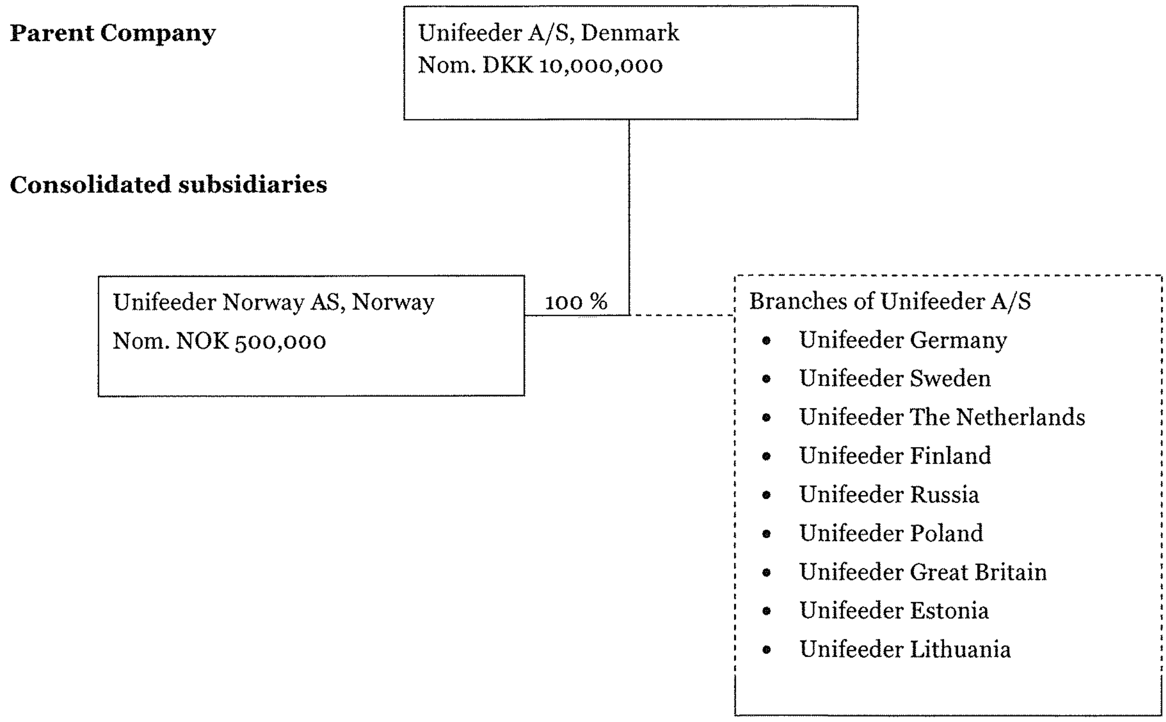
Aarhus, 4 May 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Michael Nielsson State Authorised Public Accountant	Lars Greve Jensen State Authorised Public Accountant

Company Information

The Company's name	Unifeeder A/S
Address	"Shipping Huset" Hveensgade 1 DK-8000 Aarhus C CVR No: 11 81 05 43 Financial Period: 1 January – 31 December Financial Year: 30th Financial Year Municipality of reg. office: Aarhus
Board of Directors	Jesper Præstensgaard (Chairman) Lars Terney Jess Ørgaard Libak Tropp Hans Kasper Madsen Roland Munkerod Andersen
Executive Board	Jesper Kristensen
Auditors	PricewaterhouseCoopers Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Group Chart



Companies with no activity are omitted from the overview.

Financial Highlights for the Group

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	2016	2015	2014	2013	2012
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Revenue	2 626 233	2 622 250	3 140 169	3 264 060	3 153 349
EBITDA	113 809	90 478	250 242	262 821	314 850
EBITDA adjusted for special items *)	139 812	119 295	270 056	306 307	318 041
Operating profit/loss	75 360	61 425	220 099	235 384	298 956
Profit/loss before financial income and expenses	81 657	64 531	222 686	237 837	301 496
Net financials	- 7 037	23 735	1 942	1 930	26 673
Profit/loss before tax	74 620	88 266	224 628	239 767	328 169
Profit/loss for the year	73 207	83 266	220 875	235 148	320 610
Balance Sheet					
Equity	425 151	501 889	568 783	423 175	738 048
Investments in property, plant and equipment	1 448	1 024	2 005	3 176	3 509
Current assets	608 824	571 714	735 730	479 887	796 059
Short-term debt	553 187	431 394	514 118	421 285	444 022
Balance sheet total	988 561	943 343	1 092 402	853 252	1 190 778
Ratios					
Profit margin	3.1%	2.5%	7.1%	7.3%	9.6%
Return on assets	8.1%	6.8%	20.4%	27.9%	25.3%
Return on equity	15.8%	15.6%	44.5%	40.5%	54.8%
Liquidity ratio	110.1%	132.5%	143.1%	113.9%	179.3%
Solvency ratio	43.0%	53.2%	52.1%	49.6%	62.0%

*) EBITDA adjusted for special items: EBITDA being adjusted for restructuring costs and non-recurring items.

Financial Highlights for the Group

Explanation of financial ratios
The ratios have been prepared in accordance with the recommendations issued by the Danish Society of Financial Analysts and are calculated as follows:

Profit Margin $= \dfrac{\text{Profit before financials x 100}}{\text{Revenue}}$

Return on assets $= \dfrac{\text{Profitbefore financials x 100}}{\text{Total assets}}$

Return on equity $= \dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$

Liquidity ratio $= \dfrac{\text{Current assets x 100}}{\text{Short - term debt}}$

Solvency Ratio $= \dfrac{\text{Equity at year end x 100}}{\text{Total assets}}$

Review

The Group's main activities are international freight transport services such as Container Feeder Services and Shortsea Services. Unifeeder's asset light and agile business model has not changed during 2016.

The negative development in containerized volume growth in Europe in 2015, reversed in 2016 and the market grew 2-3%. In 2015, the Group was impacted by some customers choosing to insource some volume, which did not have full year impact until end of H1 2016. However, due to strong efforts, compelling arguments of frequency, low and variable costs and reliability we have seen an increasing degree of outsourcing of feeder volume especially impacting the second half of 2016 with full year effect to be seen in 2017. Further to this deep sea line alliances are being re-organised in 2017, which could bring even more volume back into the feeder markets. The Shortsea business unit performed strongly and has continued to grow and UK has in 2016 remained a strong driver for this growth.

The Shortsea business unit has benefitted from the October 2015 acquisition of the shortsea activities of Tschudi Logistics. Furthermore, strong growth in the existing business through gain of market share and an overall growing market have meant strong growth for the segment. This development continues to imply a more balanced business model for the Group. Unifeeder will take active part in consolidation efforts in the feeder and shortsea markets also in the future.

In the first half of 2016 the Group experienced ricing prices on the time charter tonnage deployed, despite a market situation of structural overcapacity of tonnage. Unifeeder has been affected by a time delay of passing these additional costs onto our customers, wherefore this has put pressure on the performance in especially 1H 2016. During 2H 2016 timecharter prices have started to normalize and together with the growth in containerized volumes and the strong performance of the shortsea activities the Group has performed significantly stronger in 2H of 2016.

The Group has operationally been challenged by an increased amount of imbalanced cargo with significant majority of heavy export cargo from the outports, which puts limitations on utilizing the vessels to the full extend. The situation has improved over the year as customers have positioned more empty containers to export countries, however the weight imbalance continues to be a challenge.

The combined effect of above is a full year reported EBITDA of DKK 114m, which is below our expectations at the beginning of the year. However, the result is significantly impacted by time delay related to time charter and bunker cost as well as one-off non-recurring special items. EBITDA adjusted for special items and non-recurring bunker timelag amounts to DKK 148m. Taking these factors into consideration, the result is acceptable.

Through high focus on working capital and cash management Unifeeder continues to have a high cash conversion from operational results to liquidity.

Review

For 2017, overall market volumes are expected to continue to grow. The logic arguments of a continued outsourcing trend of feeder requirements by the deep sea lines are expected to increase the overall feeder volume in 2017. As mentioned 2017 will also be impacted by the full year effect of the large outsourcing contracts from 2016. The Shortsea business unit will continue to build on and drive the conversion from road to sea and thereby record another year of strong organic growth. Profits for 2017 are expected to be at a higher level compared to 2016.

The Group's currency exposure is continuously being assessed; sales and most significant cost items are concentrated in markets and products linked to EUR and USD. Customers and procurement agreements are, in all materiality, seen to set off possible foreign exchange risks. The overall currency policy is that the Group hedges the most significant currency risks against other currencies than EUR.

Unifeeder´s social responsibility (CSR)

(Statutory Report on Corporate Social Responsibility, in accordance with the Danish Financial Statements Act § 99 a)

For Unifeeder, responsibility is a question of integrating environmental and social considerations in the decisions we make and in the actions, we take. We remain with unchanged focus on three areas:

1. **Reducing environmental impact**

As a logistics provider with an emphasis on sea carriage, Unifeeder recognizes that our activities have an impact on the environment. The impact starts when the vessel is built, continues while it is in service and ends when it is scrapped. As a charterer of tonnage, Unifeeder carries part of the responsibility for making sure that at all stages conscious efforts are made to ensure the responsible use of resources and preservation of the environment. Unifeeder does not build vessels, but aim at chartering modern, efficient and resource-saving vessels built at reputable shipyards. In the day-to-day operation, Unifeeder's greatest direct influence is on fuel consumption and its resulting impacts, wherefore we continue to focus specifically on this parameter.

2. **Employee well-being and working conditions**

Unifeeder is an international company with offices and representatives in many countries around the North Sea, Baltic Sea and the Mediterranean. Management believes that diversity better enables Unifeeder to generate ideas and develop business while at the same time strengthening Unifeeder spirit.

Review

Unifeeder wishes to develop and benefit from the collective potential of all employees and strives to have all employees realise their full potential. It is consequently important that all employees are offered equal opportunities for development and career, regardless of gender, religion, age, sexual preferences, geographical origin or otherwise.

Motivated employees are regarded by Unifeeder as one of the cornerstones of success.

3. Ethical Business Conduct

It is important for Unifeeder to be a trustworthy and serious partner in all circumstances and towards all stakeholders. Unifeeder therefore strives to be a responsible and positive contributor to both the local and the international community. Relevant laws and regulations, including applicable environmental conventions, must be adhered to, and employees, customers and suppliers must be treated with respect. Unifeeder respects human rights and the cultural, religious and political traditions and systems of the countries that are served, just as Unifeeder distances itself from all forms of discrimination based on geographical origin, religion, gender, age, sexual orientation or the like.

Ref 1: Reducing environmental impact

As mentioned above, Unifeeder's particular focus has been fuel consumption, and in 2016 we have concentrated on the following:

<u>Daily optimization of consumption</u>.

- Through diligent monitoring, ensure that the vessels travel between two ports at the optimal speed
- Through continuous dialogue with the crews, ensure that the vessel command has focus on sailing efficiently
- Through reducing time in port, ensure that we have more time for steaming, thereby being able to reduce speed
- Broaden data collection in order to discover new areas of improvement

Ref 2: Employee well-being and working conditions

The cooperation between employees and management is based on honesty, both when it comes to the positive and the negative message.

Review

The starting point is the individual employee's performance and needs, and each employee per annum has minimum two development meetings where managers and employees discuss the employee's current performance and future development, as well as the cooperation between the manager and the employee and the working environment in the company. At regular intervals, an employee satisfaction survey is conducted. The results are analysed and shared with managers and employees and action plans are prepared both for the company as a whole and in the individual countries to address identified problems.

Ref 3: Ethical Business Conduct

In order to guide the employees in dealing with ethical business practices, Unifeeder has a standing Code of Conduct which sets out how employees are expected to act in relation to customers, suppliers, competitors and the world in general. The Code of Conduct is distributed to all employees. It has also been distributed to Unifeeder's business partners and made available to all interested parties on the individual companies' website.

Unifeeder will work within the laws and regulations of each country and managers, sales staff and other relevant staff are trained in competition law and they have signed that they

- understand the rules and the consequences for Unifeeder if they these are not complied with
- at all times will comply with the rules.

Unifeeder has created a whistle blower system for employees and business partners should they suspect a breach of the guidelines.

Review

The main achievements in 2016:

Fuel consumption:

- Diligent monitoring: From the headquarter in Aarhus, the speed of all vessels is checked in the morning and late afternoon. Outside office hours, this is handled by the Central Duty function, making sure that any change in operational times is quickly transferred to a change in the vessel speed. This results in some 700-800 adjustments per year. In addition to this, enhancements have been made to the operational system so that it automatically highlights when a vessel is proceeding at a higher speed than instructed, enabling the responsible operation to take action. This was implemented late 2016 wherefore the result is not yet known
- Continuous dialogue with crews: The constant monitoring and contacting of vessels when sailing at too high speed has resulted in greater focus and awareness from crew side.
- Reduce time in port: From May 2016, targets are set for productivity in each terminal/port and action plans were made to reach these. 55 % of the terminals were on or above target by the end of the year and action plans are now being refined

The average consumption of bunker measured in kg/nautical mile decreased by 4.6 % compared to 2015.

Employee well-being and working conditions:
We monitor the absence caused by sickness and it continues to be well below industry standard in all countries.

Business Ethics
In previous years Unifeeder has completed and implemented training sessions regarding the anti-trust program. Unifeeder has also previously launched a compliance program that covers among others procedures for "Anti-Bribery, "Sanctions", "Export Control" and "Money Laundering". In 2016 the program has been further developed and expanded into a full Legal Compliance Program for Unifeeder. The program includes policies regarding Anti-Trust, Anti-Bribery, Trade Sanctions, Whistleblowing and enhanced Code of Conduct.

Unifeeder compliance organization has been strengthened by engaging a Group Legal & Compliance Officer, who is in charge of running and developing the procedures and processes within this area.

Unifeeder wants to ensure compliance with applicable regulatory requirements in all geographies where we provide our services. The compliance program addresses relevant issues for Unifeeder. Where possible we use automated, well-proven compliance tools, and any incident is handled immediately and reported to the management according to internal procedures.

Review

The screening of trade sanctions has been outsourced to an external service provider who guarantees that screenings are always done against the latest updated sanctions lists and hereby ensuring the highest quality of our screenings.

Policy – equal opportunities

Equal opportunities and focus on diversity are an integrated part of Unifeeder's policy for Employee well-being and working conditions.

Opportunities for development and career must be available for everybody possessing skills and showing intention and shall in no way be restricted by the person's gender, nationality, age, sexual orientation and religion or other like factors.

Unifeeder has for the time being no female board members. The board is cognisant of this underrepresentation and wants to contribute to increasing the number of female board members, mind bearing that within the logistics sector there is traditionally a low ratio of women on board level and also on top- and middle management levels.

The members of the board are appointed by Unifeeder's shareholders at the general assembly. As and when the board nominates new candidates, the board will include gender as a parameter. When appointing candidates to Unifeeder's board, it is, however, important that the members represent professional competencies which are relevant for Unifeeder's activities within feeder and short sea. Finding the member with the right qualifications will always take priority over gender. In 2016 all members of the board were re-elected and therefore no increase in female members of the board was achieved. Unifeeder's ambition is to have one female member of the board within 5 years.

In Unifeeder's management team, 14 % are currently women. Due to the limited recruiting possibilities for leading women within logistics, the current level is seen as satisfactory. Meanwhile, it is Unifeeder's aim to increase the ratio of women in the management team. In 2016 we have continued to

- Seek to have candidates of both gender when recruiting for new management positions
- Consider women when making career and succession planning

Both to be done without compromising on the qualifications need to hold the position in question. No change in the gender composition of the management group has been registered in 2016.

Consolidated Income Statement

	Note	2016	2015
		DKK '000	DKK '000
Revenue	1	**2 626 233**	**2 622 250**
Cost of sales		- 2 314 121	- 2 329 432
Gross profit/loss		**312 112**	**292 818**
Administrative expenses	2	- 236 752	- 231 393
Operating profit/loss		**75 360**	**61 425**
Other operating income		7 210	4 086
Other operating expenses		- 914	- 980
Profit/loss before financial income and expenses		**81 657**	**64 531**
Income from investments in associates		71	20 577
Financial income		898	3 989
Financial expenses		- 8 006	- 831
Profit/loss before tax		**74 620**	**88 266**
Tax on profit/loss for the year	3	- 1 413	- 5 000
Net profit/loss for the year		**73 207**	**83 266**

Consolidated Balance Sheet 31 December

Assets

	Note	2016	2015
		DKK '000	DKK '000
IT software		21 731	19 377
Goodwill		350 612	342 625
Intangible assets	4	**372 343**	**362 002**
Building on leased land		0	660
Other fixtures and fittings, tools and equipment		6 774	7 958
Property, plant and equipment	5	**6 774**	**8 618**
Deposits		620	1 009
Fixed asset investments	6	**620**	**1 009**
Fixed assets		**379 737**	**371 629**
Bunker inventories		27 061	16 883
Bunker inventories		**27 061**	**16 883**
Trade receivables		279 540	283 741
Receivables from group enterprises		9 727	5 647
Other receivables		15 355	16 837
Deferred tax asset		3	7
Prepayments	7	43 356	69 449
Receivables		**347 981**	**375 681**
Current asset investments		**19**	**19**
Cash at bank and in hand		**233 763**	**179 131**
Current assets		**608 824**	**571 714**
Assets		**988 561**	**943 343**

Consolidated Balance Sheet 31 December

Liabilities and equity

	Note	2016	2015
		DKK '000	DKK '000
Share capital		10 000	10 000
Retained earnings		315 151	341 889
Proposed dividend		100 000	150 000
Equity		**425 151**	**501 889**
Provisions		10 223	10 060
Provisions	8	**10 223**	**10 060**
Trade payables		325 533	236 496
Payables to group enterprises		138 981	119 811
Corporation tax		2 087	3 319
Other payables		63 830	56 684
Deferred income	9	22 756	15 084
Short-term debt		**553 187**	**431 394**
Debt		**553 187**	**431 394**
Liabilities and equity		**988 561**	**943 343**

Contingent liabilities and other financial obligations	10
Fee to auditors appointed at the general meeting	11
Material events after balance sheet date	12

Consolidated Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Proposed dividend	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity 1 January 2015	10 000	33 379	150 000	375 404	568 783
Dividend paid for 2014	0	0	- 150 000	0	- 150 000
Equity adjustments in group enterprises and associates	0	0	0	-160	- 160
Proposed distribution of profit	0	- 33 379	150 000	-33 355	83 266
Equity 1 January 2016	10 000	0	150 000	341 889	501 889
Dividend paid for 2015	0	0	- 150 000	0	- 150 000
Equity adjustments in group enterprises	0	0	0	55	55
Proposed distribution of profit	0	0	100 000	-26 793	73 207
Equity 31 December 2016	**10 000**	**0**	**100 000**	**315 151**	**425 151**

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Consolidated Cash Flow Statement

	Note	2016	2015
		DKK '000	DKK '000
Net profit/loss for the year		73 207	83 266
Adjustments	13	40 845	7 050
Change in working capital	14	125 453	22 611
Cash flows from operating activities before financial income and expenses		**239 505**	**112 927**
Financial income		898	3 989
Financial expenses		- 8 006	- 831
Cash flows from ordinary activities		**232 397**	**116 085**
Corporation tax paid		- 2 665	- 3 280
Cash flows from operating activities		**229 732**	**112 805**
Purchase of intangible assets		- 39 277	- 11 193
Purchase of property, plant and equipment		- 1 448	- 1 024
Fixed asset investments made		0	- 310
Acquisition of activities		0	- 48 317
Sale of property, plant and equipment		75	120
Sale of fixed asset investments		389	62 005
Dividends received		71	5 536
Cash flows from investing activities		**- 40 190**	**6 817**
Financing group enterprises		15 090	- 48 271
Dividend paid		- 150 000	- 150 000
Cash flows from financing activities		**- 134 910**	**- 198 271**
Change in cash and cash equivalents		**54 632**	**- 78 649**
Cash and cash equivalents at 1 January		179 150	257 799
Cash and cash equivalents at 31 December		**233 782**	**179 150**
Cash and cash equivalents are specified as follows:			
Current asset investments		19	19
Cash at bank and in hand		233 763	179 131
Cash and cash equivalents at 31 December		**233 782**	**179 150**

Notes to the Consolidated Annual Report

1 Revenue

The Groups activity comprises international goods transports within the business units Feeder Service and Shortsea Service with the below part of the revenue. Geographical the Group's activities only take place in Northern Europe.

	2016	2015
Business segments		
Feeder Service	62%	70%
Shortsea Service	38%	30%
	100%	**100%**

2 Administrative expenses

	2016	2015
	DKK '000	DKK '000
Administrative expenses include the following:		
Wages, salaries and remuneration	119 954	116 197
Pensions	9 746	8 287
Remuneration to the Executive Board and the Board of Directors	3 855	3 486
Social security expenses	11 587	10 781
	145 142	**138 751**
Average number of employees exclusive crew on chartered vessels	**312**	**316**

Incentive programmes

To attract and retain Executive Board and Board of Directors, they have been offered warrants. As a main rule, the option to purchase can only be applicable in connection with the sale of the company. The plan is based on share capital.

As at 31 December 2016 the Executive Board and the Board of Directors have bought warrants amounting to 2.3 % of the shares in the Danish Group controlled by Nordic Capital Fund VIII. The warrrants are issued at market price at the date of issue and as a result, cost of the warrants are not included in the income statement of the company. The value of the warrants is effected by the development in EBITDA and the agreed hurdle rate.

3 Tax on profit/loss for the year

	2016	2015
	DKK '000	DKK '000
Current tax for the year	2 879	3 759
Deferred tax for the year	0	0
Adjustment of tax concerning previous years	-1 466	1 241
Total tax for the year	**1 413**	**5 000**

Notes to the Consolidated Annual Report

4 Intangible assets

	IT software	Goodwill	Total
	DKK '000	DKK '000	DKK '000
Cost at 1 January	41 996	414 666	456 662
Additions for the year	10 253	29 024	39 277
Disposals for the year	- 947	0	- 947
Cost at 31 December	51 302	443 690	494 992
Amortisation at 1 January	22 619	72 041	94 660
Amortisation for the year	7 890	21 037	28 927
Amortisation on disposals for the year	- 938	0	- 938
Amortisation at 31 December	29 571	93 078	122 649
Carrying amount at 31 December	**21 731**	**350 612**	**372 343**
Carrying amount at 1 January	**19 377**	**342 625**	**362 002**

5 Property, plant and equipment

	Building on leased land	Other fixtures and fittings, tools and equipment	Total
	DKK '000	DKK '000	DKK '000
Cost at 1 January	17 186	25 322	42 508
Exchange rate adjustments	0	34	34
Additions for the year	0	1 448	1 448
Disposals for the year	0	- 6 046	- 6 046
Cost at 31 December	17 186	20 758	37 944
Depreciation at 1 January	16 526	17 364	33 890
Exchange rate adjustments	0	8	8
Depreciation for the year	660	2 565	3 225
Depreciation of sold assets for the year	0	-5 953	-5 953
Depreciation at 31 December	17 186	13 984	31 170
Carrying amount at 31 December	**0**	**6 774**	**6 774**
Carrying amount at 1 January	**660**	**7 958**	**8 618**

Notes to the Consolidated Annual Report

6 Fixed asset investments

	Deposits etc
	DKK '000
Cost at 1 January	1 009
Additions for the year	0
Disposals for the year	- 389
Cost at 31 December	620
Value adjustments 1 January	0
Value adjustments 31 December	0
Carrying amount at 31 December	**620**
Carrying amount at 1 January	**1 009**

7 Prepayments (assets)

Prepayments consist of expenses in relation to charter of ships and other transport expenses.

8 Provisions

Provisions consist of provisions for claims, pensions, deferred tax and re-establishment costs.

9 Deferred income (liabilities and equity)

Deferred income consists of accrued income regarding activities in new year.

10 Contingent liabilities and other financial obligations

Of cash in hand and in bank DKK 227.9m is held as security for loan in the Parent Company Unicorn ApS.

At the balance sheet date the Group has rent obligations amounting to DKK 35.4m.

The Group currently enters into contracts for charter of vessels for periods of up to 2 years. The charter obligation amounts to DKK 153.7m at 31 December 2016.

The Group's leasing obligation at the balance sheet date amounts to DKK 4.3m.

In relation to the Group's building on leased land the Company has contracted to give back the land with no building on it at the end of the lease. A provision has been estimated to DKK 5.0m.

Of the cash in hand and in bank DKK 3.1m has been pledged as guarantee for rent obligations.

Notes to the Consolidated Annual Report

	2016	2015
	DKK '000	DKK '000
11 Fee to auditors appointed at the general meeting		
Audit fee	560	538
Other assurance services	20	81
Tax advise	705	606
Non-audit services	2 272	1 047
	3 557	**2 272**

12 Material events after balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

13 Cash flow statement - adjustments

Financial income	- 898	- 3 989
Financial expenses	8 006	831
Depreciation, amortisation and impairment	32 179	25 872
Income from investments in associates	- 71	- 20 577
Tax on profit/loss for the years	1 413	5 000
Provisions	163	150
Other adjustments	53	- 237
	40 845	**7 050**

14 Cash flow statement - change in working capital

Change in bunker inventories etc	- 10 178	22 466
Change in receivables	31 776	72 689
Change in short-term debt	103 855	- 72 544
	125 453	**22 611**

Income Statement for the Parent Company

	Note	2016	2015
		DKK '000	DKK '000
Revenue	1	**2 621 497**	**2 618 192**
Cost of sales		- 2 320 275	- 2 335 843
Gross profit/loss		**301 222**	**282 349**
Administrative expenses	2	- 227 357	- 222 662
Operating profit/loss		**73 865**	**59 687**
Other operating income		7 936	4 854
Other operating expenses		- 914	- 980
Profit/loss before financial income and expenses		**80 887**	**63 561**
Income from investments in subsidiaries		768	691
Income from investments in associates		71	20 857
Financial income	3	895	3 900
Financial expenses	4	- 7 992	- 615
Profit/loss before tax		**74 629**	**88 394**
Tax on profit/loss for the year	5	- 1 422	- 5 128
Net profit/loss for the year		**73 207**	**83 266**

Balance Sheet for the Parent Company 31 December

Assets

	Note	2016	2015
		DKK '000	DKK '000
IT-software		21 731	19 377
Goodwill		350 612	342 625
Intangible assets	6	**372 343**	**362 002**
Building on leased land		0	660
Other fixtures and fittings, tools and equipment		6 766	7 935
Property, plant and equipment	7	**6 766**	**8 595**
Investments in subsidiaries		2 161	1 322
Investments in associates		0	801
Deposits		620	1 006
Fixed asset investments	8	**2 781**	**3 129**
Fixed assets		**381 891**	**373 726**
Bunker inventories		27 061	16 883
Bunker inventories		**27 061**	**16 883**
Trade receivables		279 603	282 352
Receivables from group enterprises		9 890	6 464
Other receivables		13 818	15 902
Deferred tax asset		3	2
Prepayments	9	43 280	69 268
Receivables		**346 595**	**373 988**
Current asset investments		**19**	**19**
Cash at hand and in bank		**232 577**	**177 136**
Current assets		**606 251**	**568 026**
Assets		**988 142**	**941 752**

Balance Sheet for the Parent Company 31 December

Liabilities and equity

	Note	2016	2015
		DKK '000	DKK '000
Share capital	10	10 000	10 000
Retained earnings		315 151	341 889
Proposed dividend		100 000	150 000
Equity		**425 151**	**501 889**
Provisions		9 528	9 343
Provisions	11	**9 528**	**9 343**
Trade payables		325 384	235 971
Payables to group enterprises		141 010	121 663
Corporation tax		2 087	3 093
Other payables		62 225	54 708
Deferred income	12	22 757	15 085
Short-term debt		**553 463**	**430 520**
Debt		**553 463**	**430 520**
Liabilities and equity		**988 142**	**941 752**
Contingent liabilities and other financial obligations	13		
Fee to auditors appointed at the general meeting	14		
Material events after balance sheet date	15		

Statement of changes in Equity

	Note	Share capital	Proposed dividend	Retained earnings	Total
		DKK '000	DKK '000	DKK '000	DKK '000
Equity 1 January 2015		10 000	150 000	408 783	568 783
Dividend paid for 2014		0	- 150 000	0	- 150 000
Equity adjustments in group enterprises and associates		0	0	-160	- 160
Proposed distribution of profit	16	0	150 000	-66 734	83 266
Equity 1 January 2016		10 000	150 000	341 889	501 889
Dividend paid for 2015		0	- 150 000	0	- 150 000
Equity adjustments in group enterprises		0	0	55	55
Proposed distribution of profit	16	0	100 000	-26 793	73 207
Equity 31 December 2016		**10 000**	**100 000**	**315 151**	**425 151**

Notes to the Annual Report for the Parent Company

1 Revenue

Please see note 1 in the Consolidated Annual Report.

2 Administrative expenses

	2016	2015
	DKK '000	DKK '000
Administrative expenses include the following:		
Wages, salaries and remuneration	113 590	111 451
Pensions	9 017	8 148
Remuneration to the Executive Board and the Board of Directors	3 855	3 486
Social security expenses	10 625	10 120
	137 087	**133 205**
Average number of employees exclusive crew on chartered vessels	**301**	**307**

Incentive programmes - Please see note 2 in the consolidated Annual Report.

3 Financial income

	2016	2015
Other financial income	895	3 900
	895	**3 900**

4 Financial expenses

	2016	2015
Interest paid to group enterprises	1	7
Other financial expenses	7 991	608
	7 992	**615**

5 Tax on profit/loss for the year

	2016	2015
Current tax for the year	2 879	3 613
Adjustment of tax concerning previous years	- 1 457	1 515
Total tax for the year	**1 422**	**5 128**

Notes to the Annual Report for the Parent Company

6 Intangible assets

	IT software	Goodwill	Total
	DKK '000	DKK '000	DKK '000
Cost at 1 January	41 996	414 666	456 662
Additions for the year	10 253	29 024	39 277
Disposals for the year	- 947	0	- 947
Cost at 31 December	51 302	443 690	494 992
Amortisation at 1 January	22 619	72 041	94 660
Amortisation for the year	7 890	21 037	28 927
Amortisation on disposals for the year	- 938	0	- 938
Amortisation at 31 December	29 571	93 078	122 649
Carrying amount at 31 December	**21 731**	**350 612**	**372 343**
Carrying amount at 1 January	**19 377**	**342 625**	**362 002**

7 Property, plant and equipment

	Building on leased land	Other fixtures and fittings, tools and equipment	Total
	DKK '000	DKK '000	DKK '000
Cost at 1 January	17 186	25 167	42 353
Exchange rate adjustments	0	26	26
Additions for the year	0	1 448	1 448
Disposals for the years	0	- 6 046	- 6 046
Cost at 31 December	17 186	20 595	37 781
Depreciation at 1 January	16 526	17 232	33 758
Exchange rate adjustments	0	2	2
Depreciation for the year	660	2 548	3 208
Depreciation of sold assets for the year	0	-5 953	-5 953
Depreciation at 31 December	17 186	13 829	31 015
Carrying amount at 31 December	**0**	**6 766**	**6 766**
Carrying amount at 1 January	**660**	**7 935**	**8 595**

Notes to the Annual Report for the Parent Company

8 Fixed asset investments

	Investments in subsidiaries	Investments in associates	Deposits	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January	121 450	2 861	1 006	125 317
Additions for the year	0	0	0	0
Disposals for the year	0	-2 861	- 386	- 3 247
Cost at 31 December	121 450	0	620	122 070
Value adjustments at 1 January	- 120 128	- 2 060	0	- 122 188
Disposals for the year	0	2 861	0	2 861
Value adjustments for the year	839	71	0	910
Dividend	0	- 872	0	- 872
Value adjustments at 31 December	- 119 289	0	0	- 119 289
Carrying amount at 31 December	**2 161**	**0**	**620**	**2 781**
Carrying amount at 1 January	**1 322**	**801**	**1 006**	**3 129**

For specification of subsidiaries with activities please refer to the Group summary on page 6.

Subsidiaries with no activities are IMCL Holdings Ltd. (Cyprus), Unifeeder General Partner ApS (Denmark), Investeringsselskabet af 01.07.2013 ApS (Denmark) and Unifeder Russia LLC (Russia).

9 Prepayments (assets)

Prepayments consist of expenses in relation to charter of ships and other transport expenses.

10 Share Capital

The share capital consists of 9 shares of a nominal value of DKK 1,000,000 and 10 shares of a nominal value of DKK 100,000. No shares carry any special rights.

There have been no change to the share capital the last 5 years.

Notes to the Annual Report for the Parent Company

11 Provisions

Provisions consist of provisions for expected costs to claims, pensions and re-establishment costs.

12 Deferred income (liabilities and equity)

Deferred income consists of received payments regarding income in new year.

13 Contingent liabilities and other financial obligations

Of cash in hand and in bank DKK 227.9m are held as security for loan in the Parent Company Unicorn ApS.

At the balance sheet date the Company has rent obligations amounting to DKK 35.3m.

The Company currently enters into contracts for charter of vessels for periods of up to 2 years. The charter obligation amounts to DKK 153.7m at 31 December 2016.

The Company's leasing obligation at the balance sheet date amounts to DKK 4.3m.

In relation to the Company's building on leased land the Company has contracted to give back the land with no building on it at the end of the lease. A provision has been estimated to DKK 5.0m.

Of the cash in hand and in bank DKK 2.9m have been pledged as guarantee for rent obligations.

14 Fee to auditors appointed at the general meeting

Please see note 11 of the Consolidated Annual Report

15 Material events after balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

16 Proposed distribution of profit

	2016	2015
	DKK '000	DKK '000
Proposed dividend for the year	100 000	150 000
Retained earnings	- 26 793	- 66 734
	73 207	**83 266**

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Basis of Preparation

The Annual Report of Unifeeder A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from previous years.

The Annual Report for 2016 is presented in DKK thousands.

Recognition and measurement

The financial statements have been prepared under the historical cost method.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Group, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Revenues are recognised in the income statement as earned. The decision whether revenues are considered earned, is based on the following criteria:

- A binding sales agreement has been made;
- the sales price has been determined;
- delivery of the service has been made before year end, and
- payment has been received or may with reasonable certainty be expected to be received.

Based here on revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Basis of consolidation

The Annual Report comprises the Parent Company, Unifeeder A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. The Company is included in the Group Annual Report of the Parent Company, Unicorn ApS, and the ultimate Group Annual Report of Holdingselskabet af 10. januar 2013 II A/S, Aarhus.

Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Leases

Leases relating to property, plant and equipment in terms of which all the risks and rewards of ownership are not transferred to the group enterprises (operating leases) are recognised in the income statement as the lease payments accrue.

Leases relating to property, plant and equipment in terms of which the individual group enterprises assume substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the fair value of the leased asset if available. Alternatively, and if lower, the net present value of the future lease payments at the time of acquisition is applied computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as the other property, plant and equipment of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

Translation policies

Transactions in foreign currencies have during the year been translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

The income statements of the Group's foreign subsidiaries and associates are translated at average exchange rates, whereas the balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising on the translation of the opening equity of foreign enterprises and exchange adjustments arising from the translation of the income statements of foreign enterprises at average exchange rates are recognised directly in equity.

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Deferred income (liabilities and equity)", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Company tax and deferred tax

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

The Company's current tax for the year comprises tax calculated under the rules of the Danish Tonnage Taxation Act as regards the part of the activity governed by the Danish Tonnage Taxation Act, and tax calculated under the ordinary tax rules as regards other activities.

The Company has been registered under the tonnage taxation scheme as of 2004/05. Based on the planned use of chartered vessels, the tonnage taxation scheme does not imply any liability; therefore, deferred tax is not recognised in the balance sheet on assets and liabilities relating to the activity subject to tonnage taxation.

For other activities, deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates of the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with its Danish Parent Company. The tax effect of the joint taxation with the Parent Company is allocated in proportion to the taxable income (full allocation with credit for tax losses).

Income Statement

Revenue

The Group's revenue comprises revenue from transport activities for the period as well as the revenue invoiced by the Company's agents where revenue is on the Company's account.

Cost of sales

Cost of sales comprises variable costs by way of costs related to vessels and containers as well as other transport costs.

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, realised and unrealised price adjustments of securities as well as extra payments and repayment under the on-account taxation scheme.

Balance Sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation or at a lower recoverable amount.

Goodwill is amortised on a straight-line basis over the estimated useful life . Management has evaluated useful life on the individual business areas based on the strategic purposes for acquiring the enterprises and based on the market position and earnings profile of these. Based on this the amortisation period is 20 years.

Software etc, are measured at cost less accumulated amortisation or at a lower recoverable amount.

Software licences, including development costs in connection with major implementation projects, are recognised in the balance sheet and amortised on a straight-line basis over the useful life, estimated at 3-5 years.

Software costing less than DKK 50,000 is expensed in the year of acquisition.

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.
Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	25-50 years
Buildings on leased land	20 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

Profit and loss on the sale of fixed assets is recognised in the income statement under "Other operating income" and "Other operating expenses".

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the need for writing down is assessed for the smallest group of assets for which a recoverable amount can be determined.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries and associates.

Subsidiaries and associates with a negative net asset value are measured at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions. An independent assessment of any receivables from these enterprises is made.

Profit or loss upon disposal or winding-up of subsidiaries is calculated as the difference between the selling price or the winding-up proceeds and the carrying amount of net assets at the time of sale and expected expenses for sale or winding-up. The profit or loss is recognised in the income statement.

Bunker inventories

Bunker inventories comprise inventories for use on chartered vessels. The inventories are measured at average prices.

Receivables

Receivables are measured in the balance sheet at the lower of nominal value and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made.

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Listed securities are measured at market price. Unlisted securities are measured at estimated selling price.

Equity

Dividend

Dividend is recognized as a commitment at the date of approval at the annual general meeting. Dividend, which is expected to be declared for the year, is shown as a separate item under equity.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value. Onerous contracts that were concluded in prior years in which the service is delivered within 1 year are classified under short-term debt.

Prepayments and deferred income

Prepayments comprise prepaid expenses in respect of subsequent financial years, including fair value adjustments of derivative financial instruments with positive fair values.

Deferred income comprises payments received in respect of income in subsequent years and fair value adjustments of derivative financial instruments with negative fair values.

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Cash Flow Statement

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

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

Cash flows from operating activities

Cash flows from operating activities are calculated as the consolidated net profit/loss for the year adjusted for non-cash operating items such as depreciation, amortisation and impairment losses, and provisions as well as changes to working capital, interest received and paid, amounts paid in respect of extraordinary items and corporation tax paid. Working capital comprises current assets less short-term debt excluding receivables to and payables from group enterprises related to financing activities and excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt, cash flow related to changes in payables to and receivables from group enterprises as well as payments of dividend to shareholders.

The cash flow statement cannot be immediately derived from the published financial records.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and securities that can readily be turned into cash.