Weco A/S

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 1 January - 31 December 2019

CVR No 29 62 28 68

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31/3 2020

Christian Thuesen
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Weco A/S for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Rungsted Kyst, 31 March 2020

Executive Board

Oluf Myhrmann

Board of Directors

Johan Wedell-Wedellsborg Chairman	Oluf Myhrmann	Rasmus Lund-Jacobsen

Independent Auditor's Report

To the Shareholder of Weco 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 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Weco A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement 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 ("the 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 Statements 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 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 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 judgement and maintain professional scepticism 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.

- 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 Company’s and the Group’s internal control.

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

Independent Auditor's Report

- 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 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 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.

Hellerup, 31 March 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Mark Philip Beer
State Authorised Public Accountant
mne29472

Company Information

The Company	Weco A/S Rungsted Strandvej 113 DK-2960 Rungsted Kyst Telephone: + 45 45 17 77 77 CVR No: 29 62 28 68 Financial period: 1 January - 31 December Municipality of reg. office: Hørsholm
Board of Directors	Johan Wedell-Wedellsborg, Chairman Oluf Myhrmann Rasmus Lund-Jacobsen
Executive Board	Oluf Myhrmann
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group				
	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,244,786	1,026,644	830,005	958,515	1,348,267
Operating profit/loss	-6,869	-54,670	-121,852	-137,078	-119,591
Profit/loss before financial income and expenses	11,066	-37,266	-110,747	-86,476	-104,370
Net financials	455,773	752,058	106,212	213,283	260,296
Net profit/loss for the year	465,968	714,778	-3,769	126,879	149,879
Balance sheet					
Balance sheet total	2,636,334	2,228,052	1,544,925	1,797,895	1,837,522
Equity	2,067,970	1,791,074	1,085,976	1,222,544	1,017,740
Cash flows					
Cash flows from:					
- operating activities	68,810	-24,637	-85,364	41,077	23,473
- investing activities	56,552	14,534	233,525	122,773	131,311
including investment in property, plant and equipment	-49,191	-41,177	-53,515	-53,515	-95,390
- financing activities	-108,941	-57,966	-143,958	-106,924	-139,112
Change in cash and cash equivalents for the year	16,421	-68,069	4,203	56,926	15,672
Number of employees	47	49	85	110	199

Financial Highlights

	Group				
	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Ratios					
Gross margin	8.2 %	2.9 %	1.9 %	9.6 %	7.1 %
Profit margin	0.9 %	-3.6 %	-13.3 %	-9.0 %	-7.7 %
Return on assets	0.4 %	-1.7 %	-7.2 %	-4.8 %	-5.7 %
Solvency ratio	78.4 %	80.4 %	70.3 %	68.0 %	55.4 %
Return on equity	24.1 %	49.7 %	-0.3 %	11.3 %	15.8 %

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to accounting policies because of changes in the Danish financial statements act, the comparative figures back from 2015 have not been restated.

Management's Review

Key activities

The primary activity of the Group is shipping operations, and the group has a portfolio of equity investments in biotech, properties and the food & beverage segment, as well as other securities.

Development in the year

The income statement of the Group for 2019 shows a profit of TDKK 465,968, and at 31 December 2019 the balance sheet of the Group shows equity of TDKK 2,067,970.

Weco Shipping activities grew in line with expectations and delivered a positive result, borne especially by record high result in the dry bulk segment. The Groups investments outside shipping delivered strong results, in particular the Nasdaq stock listed biotech investment in Y-mAbs Therapeutics, which appreciated in value during the year.

The past year and follow-up on development expectations from last year

Results for the year are in line with the expectations expressed in the Annual Report for 2019, with an improved result from the shipping activities, and strong results from the investments outside shipping.

Special risks - operating risks and financial risks

Market risks

Revenues from the shipping operations are linked to global market trends, which through demand fluctuations affect freight rates as well as prices of tonnage and fuel. Management continuously assesses the extent to which it is relevant to take measures against these market fluctuations, e.g. through long term contracts.

International provisions imply that in case of a maritime accident that results in oil or chemical spillage, the Group will be imposed heavy financial liabilities in terms of the clean-up work. To reduce this risk, the widest possible insurance coverage has been taken out, comprising environmental and pollution coverage, coverage of the value of vessel and cargo, liability coverage as regards third parties and war risk insurance.

The Group's portfolio of securities is managed by external partners based on a risk profile defined by Management. Efforts are made to reduce the overall risk through a combination of Danish and foreign shares and bonds.

The Group's property portfolio is generally affected by developments in the Danish property market. Except for the Group's headquarters, the portfolio comprises only residential properties.

Management's Review

Interest rate risks

The interest rate risk on floating-rate loans is to a limited extent hedged by interest rate swaps converting the floating interest rate to a fixed interest rate.

Currency risks

Most of the income from shipping activities is in USD and EUR with most operational expenses as well as financial expenses being in USD, and administrational expenses being in USD and DKK.

Targets and expectations for the year ahead

The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak, see also subsequent events disclosures in note 1. It is, however, too early yet to give an opinion as to the extent of the negative implications. On that basis, Management finds itself unable to give an opinion on the expectations of the Company's revenue and results for 2020.

Research and development

The Group is not involved in research and development activities.

Intellectual capital resources

Through retention and recruitment of new competences, as well as through cooperation, alliances and education, the intellectual capital resources which are major parameters in the development and perfection of new services increase.

The Group has defined goals, positions and strategies that systematically strengthen the value creation and form the basis of the Group's innovative skills, just as it is important to the future success of the Group to attract and retain well-educated employees who identify with the stated core values. Therefore, heavy investments are made to continuously improve the qualifications of both the land-based and offshore staff of the Group

Annual performance reviews are held with all employees. During the reviews, the employees' goals, plans for the future and career opportunities are discussed and planned.

Statement in compliance with section 99 (a) of the Danish Financial Statements Act

The Group is under the Danish financial statements act required to report on Corporate Social Responsibility (CSR). WECO's values and approach to do business has always been based on responsibility and accountability, and the company is compliant with all legal requirements within the areas of climate change, environment, human rights, employee conditions and anti-corruption.

Management's Review

Business model

The mission statement of WECO is "We are dedicated to innovative and individual shipping solutions".

The main activities within the Group contains shipping and includes 15 owned and long-term chartered Bulk, Tank, Project and RoRo vessels, as well as Weco Bulk operating about 30 short-term chartered vessels from external suppliers as their business model. This operation is carried out from offices in Denmark, USA, Brazil, Singapore, Spain and Poland with 50 staff in total.

All technical management (crewing, maintenance, control of costs) with respect to owned vessels has been outsourced to external suppliers.

Contracting with suppliers of vessels follows the standard contractual terms provided by the international shipping organization BIMCO. To the extend it has been incorporated into the standard terms, this includes clauses on CSR. WECO select suppliers based on experience and informal expectations and requirements related to energy efficiency and legal compliance. All chartered vessels undergo inspection from relevant authorities, hereunder also the International Transport Worker's Federation, ITF.

WECO acknowledges the importance of being alert to challenges within climate change, environment, human rights, employee conditions and anti-corruption, but being a relatively small organization, WECO do not see the need of formalizing its management approach into written policies and procedures. The management approach is very agile and allows for all within the organization to address top management directly with questions and when in need of approval.

In addition, the Group holds minority shares in real estate companies, food and beverage companies and in biotech. WECO has no control over these companies, and the company sees no additional risks in relation to CSR emerging from these activities.

Assessment of risks

Climate change and the environment

It is the ambition to continuously improve energy efficiency with all vessels, both owned and chartered. Consequently, WECO is always inquiring about energy efficiency when engaging a supplier including contractual terms ensuring the supplier vessel is compliant with low-sulfur bunker regulation.

However, as the fuel consumption is the only material impact, WECO may influence, and since the number of transactions are limited, the company do not see risks material enough to require a formalized policy.

Management's Review

Human rights

The Group respects and recognizes human rights, the rights of the child and all International Labor Organization (ILO) charters.

With its current business model WECO only to a limited extend employ crew on the vessels. All technical management is handled by service providers including ensuring that crew are paid and taken care of in accordance with relevant legislation and standards. When selecting a supplier, it is contractually ensured that the responsibility of work and employment conditions belong to the supplier and that the ITF are granted access to check and review compliance in accordance with international agreements. Consequently, WECO do not see risks leading to a need for a formalized policy on human rights.

Anti-corruption

The Group has a zero tolerance towards corruption and bribery practices.

Contracts with both customers and suppliers follow the standards provided by BIMCO. Port costs forwarded by chartered vessels that are to be paid by WECO undergo quality assurance and approval from an external service provider, which know all official rates in ports. Further, all costs related to voyages are approved directly by management applying a four eye principle, so the risks related to corruption and bribery are considered very low. Taking into consideration the very small organization, there is no need for a formalized policy on anti-corruption.

Policies on CSR

Referencing the above assessment and evaluation of risks related to CSR, the Group has decided not to author formalized policies for impacts related to climate change, environmental issues, human rights and anti-corruption.

Policy regarding employees

It is the policy to enable WECO to attract, retain and evolve the best possible employees, meaning employees that are highly qualified and motivated to successfully manage present and future assignments.

Activities and results

WECO believe that personal development is key to the success and well-being of the company's employees. Also in 2019, annual meetings have been held with all employees where the performance of the individual was assessed and evaluated and where targets for 2020 were decided in agreement with the employee. WECO has continued to offer opportunities for further training and education, and the company fulfill its responsibility for educating the next generation by taking in trainees on an annual basis.

WECO has ensured paid health insurance for all employees and has in 2019 continued its offer for employees to be able to work from home, should it be necessary as a mean to provide grounds for a healthy work life balance.

Management's Review

As a result, the employee turnover has been at a satisfactory level also in 2019.

Statement in compliance with section 99 (b) of the Danish Financial Statements Act

Within the Group it has been decided that each company required to report in accordance with section 99b of the Danish financial statements act must do so on its own. Since no companies registered in Denmark within the Group have more than 50 employees, there are no policies, activities or results related to the underrepresented gender on other management levels.

Target for the Board of WECO A/S

In 2019 the Group set a target to have 40% women on the Board of Directors by 2024. Being a company managed directly by the owners and given the development of the business, it has not been possible for the Group to either add or occupy one of the four positions of the Board with a woman. In general, there are not many female candidates available, and further the general assembly and the owners have not seen the need to make adjustments to the current board leading to that there are still only men on the Board at the end of 2019.

Policy to increase gender diversity on other management levels

Weco A/S as the holding company has less than 50 employees and are consequently not required to author and report upon a policy to increase the number of women on other management levels.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020. Naturally, Management will make an effort to recapture any lost revenue later in the year.

Income Statement 1 January - 31 December

	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
		TDKK	TDKK	TDKK	TDKK
Revenue	2	**1,244,786**	**1,026,644**	**0**	**0**
Other operating income		17,935	17,404	0	1,653
Vessel operating costs		-1,134,084	-986,343	0	0
Other external expenses		-27,084	-28,294	-3,712	-3,848
Gross profit/loss		**101,553**	**29,411**	**-3,712**	**-2,195**
Staff expenses	3	-47,913	-41,744	-3,258	-4,216
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-42,574	-24,933	-69	-961
Profit/loss before financial income and expenses		**11,066**	**-37,266**	**-7,039**	**-7,372**
Income from investments in subsidiaries	5	-228	237	238,372	260,458
Income from investments in associates	6	4,868	15,164	139	1,445
Financial income	7	477,527	762,253	86,611	188,991
Financial expenses	8	-26,394	-25,596	-3,957	-8,901
Profit/loss before tax		**466,839**	**714,792**	**314,126**	**434,621**
Tax on profit/loss for the year	9	-871	-14	-4,488	-179
Net profit/loss for the year		**465,968**	**714,778**	**309,638**	**434,442**

Balance Sheet 31 December

Assets

	Note	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Goodwill		702	0	0	0
Intangible assets	10	**702**	**0**	**0**	**0**
Land and buildings	11	29,274	29,383	0	0
Investment properties	12	4,957	5,161	0	0
Other fixtures and fittings, tools and equipment	11	84,780	58,273	72,003	49,058
Vessels	11	613,081	622,182	0	0
Property, plant and equipment		**732,092**	**714,999**	**72,003**	**49,058**
Investments in subsidiaries	13	0	0	1,477,406	1,001,141
Investments in associates	14	198,793	146,261	19,972	17,066
Other investments	15	1,343,990	1,047,434	188,066	377,576
Fixed asset investments		**1,542,783**	**1,193,695**	**1,685,444**	**1,395,783**
Fixed assets		**2,275,577**	**1,908,694**	**1,757,447**	**1,444,841**
Bunkers and lube oil		22,934	20,937	0	0
Inventories		**22,934**	**20,937**	**0**	**0**
Trade receivables		31,843	24,018	0	0
Receivables from group enterprises		0	0	15,110	23,136
Receivables from associates		45,306	42,937	5,257	2,756
Other receivables	16	27,245	44,733	5,679	15,909
Corporation tax		0	2,445	0	1,421
Prepayments	17	38,365	32,892	0	0
Receivables		**142,759**	**147,025**	**26,046**	**43,222**
Current asset investments	18	**64,588**	**37,341**	**64,588**	**37,341**
Cash at bank and in hand		**130,476**	**114,055**	**17,627**	**9,385**
Currents assets		**360,757**	**319,358**	**108,261**	**89,948**
Assets		**2,636,334**	**2,228,052**	**1,865,708**	**1,534,789**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Share capital		50,000	50,000	50,000	50,000
Revaluation reserve		4,064	4,064	0	0
Reserve for net revaluation under the equity method		0	0	1,032,226	794,367
Retained earnings		1,666,804	1,381,459	638,642	591,156
Proposed dividend for the year		0	15,000	0	15,000
Equity attributable to shareholders of the Parent Company		**1,720,868**	**1,450,523**	**1,720,868**	**1,450,523**
Minority interests		347,102	340,551	0	0
Equity	19	**2,067,970**	**1,791,074**	**1,720,868**	**1,450,523**
Provision for deferred tax	21	1,085	708	0	0
Provisions		**1,085**	**708**	**0**	**0**
Mortgage loans		13,202	13,298	0	0
Lease obligations		351,773	266,499	0	0
Other payables		14,213	15,222	0	0
Long-term debt	22	**379,188**	**295,019**	**0**	**0**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Mortgage loans	22	539	462	0	0
Lease obligations	22	40,451	26,627	0	0
Prepayments received from customers		4,375	4,410	0	0
Trade payables		38,511	13,352	159	0
Payables to group enterprises		0	0	99,660	67,180
Payables to associates		0	8,257	0	0
Payables to owners and Management		10,617	0	10,617	0
Corporation tax		325	0	325	0
Other payables	22	48,776	33,036	34,079	17,086
Deferred income	23	44,497	55,107	0	0
Short-term debt		**188,091**	**141,251**	**144,840**	**84,266**
Debt		**567,279**	**436,270**	**144,840**	**84,266**
Liabilities and equity		**2,636,334**	**2,228,052**	**1,865,708**	**1,534,789**

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Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	50,000	4,064	0	1,381,459	15,000	1,450,523	340,551	1,791,074
Exchange adjustments	0	0	0	10,707	0	10,707	15	10,722
Disposals for the year	0	0	0	0	0	0	-146,656	-146,656
Ordinary dividend paid	0	0	0	0	-15,000	-15,000	-3,138	-18,138
Extraordinary dividend paid	0	0	0	-35,000	0	-35,000	0	-35,000
Net profit/loss for the year	0	0	0	309,638	0	309,638	156,330	465,968
Equity at 31 December	**50,000**	**4,064**	**0**	**1,666,804**	**0**	**1,720,868**	**347,102**	**2,067,970**

Parent Company

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	50,000	0	794,367	591,156	15,000	1,450,523	0	1,450,523
Exchange adjustments	0	0	10,707	0	0	10,707	0	10,707
Ordinary dividend paid	0	0	0	0	-15,000	-15,000	0	-15,000
Extraordinary dividend paid	0	0	0	-35,000	0	-35,000	0	-35,000
Net profit/loss for the year	0	0	227,152	82,486	0	309,638	0	309,638
Equity at 31 December	**50,000**	**0**	**1,032,226**	**638,642**	**0**	**1,720,868**	**0**	**1,720,868**

Cash Flow Statement 1 January - 31 December

	Note	Group 2019	2018
		TDKK	TDKK
Net profit/loss for the year		465,968	714,778
Adjustments		-415,659	-726,384
Change in working capital		40,063	2,226
Cash flows from operating activities before financial income and expenses		**90,372**	**-9,380**
Financial income		2,569	11,629
Financial expenses		-26,395	-25,596
Cash flows from ordinary activities		**66,546**	**-23,347**
Corporation tax paid		2,264	-1,290
Cash flows from operating activities		**68,810**	**-24,637**
Purchase of intangible assets		-870	0
Purchase of property, plant and equipment		-49,191	-41,177
Fixed asset investments made etc		-56,333	-43,526
Other fixed assets investments made etc.		-106,391	0
Sale of property, plant and equipment		339	18,860
Sale of fixed asset investments etc		5,714	46,205
Purchase of securities		-22,188	0
Sale of other fixed asset investments etc		279,734	0
Dividends received from securities		0	5,200
Dividends received from associates		5,738	28,672
Dividends received from other fixed assets		0	300
Cash flows from investing activities		**56,552**	**14,534**
Repayment of mortgage loans		-19	-451
Reduction of lease obligations		0	-20,373
Repayment of payables to associates		-8,257	7,858
Lease obligations incurred		99,099	0
Minority interests		-149,764	0
Dividend paid		-50,000	-45,000
Cash flows from financing activities		**-108,941**	**-57,966**

Pengestrømsopgørelse 1. januar - 31. december

	Note	2019	2018
		TDKK	TDKK
Change in cash and cash equivalents		**16,421**	**-68,069**
Cash and cash equivalents at 1 January		114,055	182,124
Cash and cash equivalents at 31 December		**130,476**	**114,055**
Cash at bank and in hand		130,476	114,055
Cash and cash equivalents at 31 December		**130,476**	**114,055**

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020.

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
2 Revenue				
Geographical segments				
Globally	1,244,786	1,026,644	0	0
	1,244,786	**1,026,644**	**0**	**0**
Business segments				
Shipping - Tank	87,730	148,759	0	0
Shipping - Bulk	969,733	716,813	0	0
Shipping - Project	90,598	69,445	0	0
Shipping - RoRo	96,725	91,485	0	0
Other	0	142	0	0
	1,244,786	**1,026,644**	**0**	**0**

3 Staff expenses

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Wages and salaries	42,467	35,666	3,103	4,035
Pensions	2,938	2,739	118	118
Other social security expenses	405	473	11	12
Other staff expenses	2,103	2,866	26	51
	47,913	**41,744**	**3,258**	**4,216**
Including remuneration to the Executive Board and Board of Directors	**4,506**	**5,265**	**3,246**	**4,006**
Average number of employees	**47**	**49**	**2**	**2**

Notes to the Financial Statements

		Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
4	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	168	0	0	0
	Depreciation of property, plant and equipment	38,551	32,190	0	967
	Revaluations of investment properties	204	145	0	0
	Gain and loss on disposal	3,651	-7,402	69	-6
		42,574	**24,933**	**69**	**961**
5	**Income from investments in subsidiaries**				
	Share of results of subsidiaries	0	0	238,372	260,458
	Profit / loss from sale of group enterprises	-228	237	0	0
		-228	**237**	**238,372**	**260,458**
6	**Income from investments in associates**				
	Share of result of associates	2,950	28,776	-21	1,445
	Amortisation of goodwill/badwill	1,928	-16,958	0	0
	Profit / loss on sale of investments in associates	-10	3,346	160	0
		4,868	**15,164**	**139**	**1,445**

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK

7 Financial income

Income from fixed asset investments	469,899	750,624	79,356	186,939
Interest received from group enterprises	0	0	1,261	1,286
Other financial income	7,628	2,155	5,994	766
Exchange gains	0	9,474	0	0
	477,527	**762,253**	**86,611**	**188,991**

8 Financial expenses

Interest paid to group enterprises	0	0	2,165	1,458
Other financial expenses	25,838	25,596	1,655	7,354
Exchange loss	556	0	137	89
	26,394	**25,596**	**3,957**	**8,901**

9 Tax on profit/loss for the year

Current tax for the year	506	0	4,500	0
Deferred tax for the year	377	-66	0	0
Adjustment of tax concerning previous years	-12	80	-12	179
	871	**14**	**4,488**	**179**

Notes to the Financial Statements

10 Intangible assets

Group

	Goodwill
	TDKK
Cost at 1 January	0
Additions for the year	870
Cost at 31 December	870
Impairment losses and amortisation at 1 January	0
Amortisation for the year	168
Impairment losses and amortisation at 31 December	168
Carrying amount at 31 December	**702**
Amortised over	3 years

Notes to the Financial Statements

11 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Vessels
	TDKK	TDKK	TDKK
Cost at 1 January	26,625	79,443	890,492
Exchange adjustment	0	479	12,791
Additions for the year	0	28,422	20,769
Disposals for the year	0	-988	0
Cost at 31 December	26,625	107,356	924,052
Revaluations at 1 January	4,064	0	0
Revaluations at 31 December	4,064	0	0
Impairment losses and depreciation at 1 January	1,306	21,170	268,310
Exchange adjustment	0	258	5,518
Depreciation for the year	109	1,299	37,143
Impairment and depreciation of sold assets for the year	0	-151	0
Impairment losses and depreciation at 31 December	1,415	22,576	310,971
Carrying amount at 31 December	**29,274**	**84,780**	**613,081**
Depreciated over	20 - 100 years	3 - 10 years	2 - 25 years
Including assets under finance leases amounting to	0	0	613,081

Notes to the Financial Statements

11 Property, plant and equipment (continued)

Parent Company

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	51,961
Additions for the year	23,756
Disposals for the year	-812
Kostpris at 31 December	74,905
Impairment losses and depreciation at 1 January	2,902
Depreciation for the year	0
Impairment losses and depreciation at 31 December	2,902
Carrying amount at 31 December	**72,003**

Other fixtures and fittings, tools and equipment consists of artwork carried at cost with no depreciation.
Other fixtures and fittings, tools and equipment consists of artwork carried at cost with no depreciation.

Notes to the Financial Statements

12 Assets measured at fair value

	Group
	Investment properties
	TDKK
Cost at 1 January	5,178
Cost at 31 December	5,178
Value adjustments at 1 January	-17
Revaluations for the year	-204
Value adjustments at 31 December	-221
Carrying amount at 31 December	**4,957**

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The determination of fair value is based on a return-based model, and Management uses accounting estimates when determining the fair value. The use of accounting estimates implies that the statement of fair value is subject to some uncertainty. The fair value is stated based on assumptions that Management considers probable and realistic. Management reassesses assumptions on a current basis, and any changes to the assumptions are reflected in the fair value. The discount rate applied is 4.25% (2018: 4.25%).

Notes to the Financial Statements

13 Investments in subsidiaries

	Parent Company 2019	Parent Company 2018
	TDKK	TDKK
Cost at 1 January	206,260	204,379
Additions for the year	240,563	1,881
Cost at 31 December	446,823	206,260
Value adjustments at 1 January	764,350	514,395
Exchange adjustment	10,707	28,046
Net profit/loss for the year	238,372	260,458
Dividend to the Parent Company	-15,000	-38,549
Fair value adjustment of hedging instruments for the year	0	0
Value adjustments at 31 December	998,429	764,350
Equity investments with negative net asset value amortised over receivables	32,154	30,531
Carrying amount at 31 December	**1,477,406**	**1,001,141**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Weco Shipping A/S	Hørsholm, Denmark	TDKK 35,000	100 %
Weco Biotech ApS	Hørsholm, Denmark	TDKK 200	85 %
Weco-Properties ApS	Hørsholm, Denmark	TDKK 10,000	100 %
Weco LIT ApS	Hørsholm, Denmark	TDKK 1,000	75 %
WF&B ApS	Hørsholm, Denmark	TDKK 50	100 %
WI 2017 ApS	Hørsholm, Denmark	TDKK 100	100 %

14 Investments in associates

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	200,786	241,073	17,580	73,276
Additions for the year	56,333	35,276	3,500	12,951
Disposals for the year	-43,698	-231	-2,750	0
Transfers for the year	0	-75,333	0	-68,647
Cost at 31 December	213,421	200,785	18,330	17,580
Value adjustments at 1 January	-66,683	41,655	-8,220	-29,659
Disposals for the year	44,579	-44,864	10,441	-16,970
Exchange adjustment	2,915	4,606	0	0
Net profit/loss for the year	2,950	28,776	-21	1,445
Dividends received	-5,738	-28,672	-590	-638
Amortisation of goodwill/badwill	1,928	-16,958	0	0
Transfers for the year	0	-51,225	0	37,602
Value adjustments at 31 December	-20,049	-66,682	1,610	-8,220
Equity investments with negative net asset value amortised over receivables	5,421	12,158	32	7,706
Carrying amount at 31 December	**198,793**	**146,261**	**19,972**	**17,066**

Notes to the Financial Statements

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Zuuvi ApS	København, Denmark	TDKK 50	22 %
Kronborg Shipping K/S	Hørsholm, Denmark	TDKK 40,000	72 %
Kronborg Management ApS	Hørsholm, Denmark	TDKK 1,000	72 %
Stenwec I P/S	Hellerup, Denmark	TDKK 500	50 %
Komplementarselskabet Stenwec ApS	Hellerup, Denmark	TDKK 50	50 %
Interessentskabet af 1. juni 2017	Gentofte, Denmark	TDKK 50	50 %
Brøndbyvestervej 18 ApS	Gentofte, Denmark	TDKK 50	46 %
Emmerys ApS	København, Denmark	TDKK 500	20 %
Omni Elearning 2017 ApS	København, Denmark	TDKK 212	31 %
Orion I ApS	København, Denmark	TDKK 20	49 %
Thaiden Maritime Ltd.	Thailand	TUSD 7,139	49 %
Majool Artclub ApS	Copenhagen, DK	TDKK 120	33 %
Cajool Artclub ApS	Hørsholm, Denmark	TDKK 100	40 %
LitUpp Development A/S	København, Denmark	TDKK 1,051	34 %
Areto Holding Inc	Liberia	TUSD 0	50 %
Golden Weco Bulk	Liberia	TUSD 0	50 %
Golden Weco Dry	Liberia	TUSD 0	50 %

All foreign associates are recognised and measured as separate entities.

Notes to the Financial Statements

15 Other fixed asset investments

	Group	Parent Company
	Other investments	Other investments
	TDKK	TDKK
Cost at 1 January	105,904	92,674
Exchange adjustment	130	0
Additions for the year	106,391	11,232
Disposals for the year	-70,445	-70,445
Cost at 31 December	141,980	33,461
Revaluations at 1 January	941,530	284,902
Amortisation of goodwill	-66	0
Dividend received	300	0
Revaluations for the year	469,899	79,356
Reversal of revaluations on sold assets	-209,653	-209,653
Revaluations at 31 December	1,202,010	154,605
Carrying amount at 31 December	**1,343,990**	**188,066**

16 Other receivables

Other receivables consist of loans. Hereof DKK 5,186 falls due for payment after 12 months.

17 Prepayments

Prepayments consist of prepaid expenses concerning charter, insurance premiums, etc.

18 Current asset investments

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Shares and bonds	64,588	37,341	64,588	37,341
	64,588	**37,341**	**64,588**	**37,341**

Notes to the Financial Statements

19 Equity

The share capital consists of 50,000 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK

20 Distribution of profit

	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Extraordinary dividend paid	35,000	45,000	35,000	45,000
Proposed dividend for the year	0	15,000	0	15,000
Reserve for net revaluation under the equity method	0	28,139	227,152	287,363
Minority interests' share of net profit/loss of subsidiaries	156,330	280,336	0	0
Retained earnings	274,638	346,303	47,486	87,079
	465,968	**714,778**	**309,638**	**434,442**

21 Provision for deferred tax

	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Provision for deferred tax at 1 January	708	774	0	0
Amounts recognised in the income statement for the year	377	-66	0	0
Provision for deferred tax at 31 December	**1,085**	**708**	**0**	**0**

Notes to the Financial Statements

22 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	10,984	11,346	0	0
Between 1 and 5 years	2,218	1,952	0	0
Long-term part	13,202	13,298	0	0
Within 1 year	539	462	0	0
	13,741	**13,760**	**0**	**0**
Lease obligations				
After 5 years	111,027	44,547	0	0
Between 1 and 5 years	240,746	221,952	0	0
Long-term part	351,773	266,499	0	0
Within 1 year	40,451	26,627	0	0
	392,224	**293,126**	**0**	**0**
Other payables				
After 5 years	8,812	9,929	0	0
Between 1 and 5 years	5,401	5,293	0	0
Long-term part	14,213	15,222	0	0
Within 1 year	1,355	1,323	0	0
Other short-term payables	47,421	31,713	34,079	17,086
Short-term part	48,776	33,036	34,079	17,086
	62,989	**48,258**	**34,079**	**17,086**

23 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Financial Statements

24 Contingent assets, liabilities and other financial obligations

Security

The Group has provided security for mortgage debt totaling DKK 13,740k (2018: 13,706k) by way of mortgages on the Company's properties. The total carrying amount of the properties concerned is DKK 29,275k (2018: DKK29,383k).

The Group has placed security for associated companies' debt of DKK 42,058k (2019: DKK 54,763k).

Rental agreements and leases

The Group has entered into operating lease agreements with a total future lease payment of DKK 2,750k (2018: DKK 1,434k)

The Group's contractual obligations relating to short-term chartering of vessels total DKK 668,485k (2018: DKK 705,086k).

Contigent liabilities

The Group has entered agreements on acquisition of vessels as well as shares of vessels for a total amount of DKK 16,1136k (2018: DKK 48,191k).

Contigent assets

The Group has a insurance claim regarding one of the group´s vessel. At the time of the group financial statements, it is uncertain how much the compensation will amount to.

Other contingent liabilities

There is a residual liability corresponding to the Group's share of the non-paid capital totalling DKK 13,083k (2018: DKK 12,615k) tied to the Group's investment in an associates an other investments.

As part of the ordinary shipping liner operations, the Group regularly receives loading claims from customers. The individual claims are provided for in the Financial Statements based on an individual assessment.

The Danish Group companies are jointly and severally liable for the tax on the Group's jointly taxed income.

At the withdrawal from the tonnage tax regime, a tax liability totaling DKK 52,740k is incumbent on the Group.

Notes to the Financial Statements

24 Contingent assets, liabilities and other financial obligations (continued)

The Parent Company has given notice of support on going concern to some of the subsidiaries.

25 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

26 Fee to auditors appointed at the general meeting

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Audit fee to PricewaterhouseCoopers	770	725	85	68
Tax advisory services	554	402	370	300
Non-audit services	335	278	205	126
	1,659	**1,405**	**660**	**494**

Notes to the Financial Statements

27 Accounting Policies

The Annual Report of Weco A/S for 2019 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 last year.

The Consolidated and Parent Company Financial Statements for 2019 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost 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.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, 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 Company, 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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Weco 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. 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.

Notes to the Financial Statements

27 Accounting Policies (continued)

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.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets 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.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

DKK is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

27 Accounting Policies (continued)

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

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 ”Other payables”, 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.

Segment reporting

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Vessel operating costs

Vessel operating costs comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Notes to the Financial Statements

27 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment together with gains and losses on the sale of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group.

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 less goodwill amortization or added badwill amortization.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in 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.

The parent Company is jointly taxed with Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5-10 years.

Investment properties and other property, plant and equipment

Investment properties

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition.

Notes to the Financial Statements

27 Accounting Policies (continued)

After the initial recognition investment properties are measured at fair value.

The fair value of certain investment properties has been determined by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc.

Other property, plant and equipment

Other property, plant and equipment are measured at cost added revaluations and 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 added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	20 - 100	years
Other fixtures and fittings, tools and equipment	3 - 10	years
Vessels	2 - 25	years

Aquried artwork is carried at cost with no depreciation.

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, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

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

Notes to the Financial Statements

27 Accounting Policies (continued)

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 inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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 the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Current and fixed asset investments

Other investments, recognised as current and fixed asset investments, consist of shares and bonds that are measured at their fair value at the balance sheet date.

Bunkers and lube oil

Bunkers and lube oil are measured at the lower of cost under the FIFO method and net realisable value.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning time charter, insurance premiums, etc.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

27 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates 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 or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

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.

Notes to the Financial Statements

27 Accounting Policies (continued)

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt 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 as well as payments to and from shareholders.

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year}}{\text{Average equity}}$