

A.S. Scan Holding A/S
Snorresgade 18-20
2300 Copenhagen S
Central Business Registration
No 33036175

Annual report 2016

The Annual General Meeting adopted the annual report on 19.05.2017

Chairman of the General Meeting

Name: John Hemming Rasmussen

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Entity details

Entity

A.S. Scan Holding A/S
Snorresgade 18-20
2300 Copenhagen S

Central Business Registration No: 33036175
Registered in: Copenhagen
Financial year: 01.01.2016 - 31.12.2016

Phone: +4532668100
Fax: +4532574900
Website: www.scan-group.com

Board of Directors

Arne Simonsen, Chairman
Sine Kruse Simonsen
Birthe Prior Simonsen
Søren Simonsen
Sune Simonsen
Sean Simonsen
Sabrina Simonsen

Executive Board

Sune Simonsen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of A.S. Scan Holding A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 19.05.2017

Executive Board

Sune Simonsen
Chief Executive Officer

Board of Directors

Arne Simonsen
Chairman

Sine Kruse Simonsen

Birthe Prior Simonsen

Søren Simonsen

Sune Simonsen

Sean Simonsen

Sabrina Simonsen

Independent auditor's report

To the owner of A.S. Scan Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of A.S. Scan Holding A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 19.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Anders Kreiner
State Authorised Public Accountant

Christian Sanderhage
State Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	3.919.519	4.405.495	5.786.136	6.570.753	6.731.207
Gross profit/loss	723.764	723.511	860.647	692.801	665.322
EBITDA	85.509	116.772	235.844	116.507	114.333
Operating profit/loss	60.956	90.481	209.479	90.622	89.366
Net financials	(10.834)	21.219	6.519	(9.786)	403
Profit/loss for the year	30.709	81.063	192.680	59.013	60.234
Total assets	1.492.214	1.450.162	1.396.304	1.340.618	1.320.374
Investments in property, plant and equipment	77.845	48.366	42.856	61.658	57.125
Equity incl minority interests	858.416	833.196	751.379	558.970	513.302
Employees in average	2.809	2.647	2.465	2.392	2.068
Ratios					
Gross margin (%)	18,5	16,4	14,9	10,5	9,9
Net margin (%)	0,8	1,8	3,3	0,9	0,9
Return on equity (%)	3,6	10,2	29,4	11,0	12,4
Equity ratio (%)	57,5	57,4	53,8	41,7	38,9

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

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's activity is to invest in shares and other securities.

Development in activities and finances

Profit for the year amounts to DKK 50,122 thousand before tax.

Equity totals DKK 858,416 thousand at 31.12.2016.

Considering today's market conditions, the Board of Directors finds the performance acceptable.

In 2016, the Company's subsidiaries invested heavily in land and buildings as well as new entities.

Outlook

Results for 2017 are expected to be in excess of the results achieved in 2016.

Particular risks

Price risks

The Group is to a wide extent dependent on the development in global shipping prices and in the USD exchange rate.

Currency exposure

Due to foreign activities, results, cash flows and equity are affected by the exchange rate movements in a number of foreign currencies. Exchange rate adjustments of investments in subsidiaries are recognised directly in equity. It is not company policy to hedge the above risks by means of financial instruments as purchase and sale of shipping services to a wide extent take place in the same foreign currency.

Interest rate exposure

Reasonable changes in the interest level will have no material impact on the Group. Consequently, no agreements are made on hedging of interest rate exposure.

Management commentary

Group relations

	Share- holding %
Scan Group A/S, Denmark	100
Scan-Shipping AB, Sweden	100
Scanway Shipping AS, Norway	100
OY Scan-Shipping AB, Finland	100
Scan-Shipping G.m.b.H., Germany	100
Scan-Group Agencies Sp.z.o.o, Poland	100
Scan-Shipping (Pte.) Ltd., Singapore	100
Scan-Shipping Hong Kong Ltd., Hong Kong	100
Scan-Shipping LLC, United Arab Emirates	100
Scan Group DMCC, United Arab Emirates	100
Scanway Shipping LLC, Russia	100
Shipco-Shipping Jylland A/S, Denmark	100
Scan-Shipping Italia SRL, Italy	100
Scan-Shipping Inc., USA	100
Scan-Shipping LLC, Ukraine	100
Scan-Shipping OU, Estonia	100
Shipco-Shipping AB, Sweden	100
Scan-Shipping SIA, Latvia	100
PT Scan-Shipping, Indonesia	100
Scan-Shipping (Shanghai) Ltd., China	100
Scan-Shipping Colombo (Pte.) Ltd., Sri Lanka	100
Expa-Services (Pte.) Ltd., Singapore	100
Seaway Shipping AS, Norway	100
Scanway Shipping Real Estate AB, Sweden	100
Scan Shipping d.o.o, Slovenia	100
Scan-Shipping (Thailand) Ltd., Thailand	100
Scan-Shipping (Turkey) Ltd., Turkey	100
Scan-Shipping Norway AS, Norway	100
Scan-Shipping srl., Romania	100
Scanway Shipping Property AB, Sweden	100
Scan-Shipping A/S, Denmark	100
Scan Real Estate AS, Norway	100
Shipco Transport Holding A/S, Denmark	100
SSNYC Inc., USA	100
Shipco Transport Inc., USA	100
Worldwide Alliance Inc., USA	100
International Cargo Terminals Inc., USA	100
International Cargo Terminals Pte. Ltd., Singapore	100
International Cargo Terminals Ltd., New Zealand	100
Shipco Transport (Chile) S.A., Chile	100
Shipco Transport (HK) Ltd., Hong Kong	100

Management commentary

Group relations (continued)

	Share- holding %
PT Shipco Transport Indonesia, Indonesia	100
Shipco Transport (Japan) Ltd., Japan	100
Shipco Transport Pte. Ltd., Singapore	100
Shipco Transport (Thailand) Ltd., Thailand	100
Bangkok Resource Center Ltd., Thailand	100
Shipco Transport Sdn. Bhd., Malaysia	100
Shipco Transport (Philippines) Inc., Philippines	51
Shipco DMCC, United Arab Emirates	100
Shipco Transport Sp.z.o.o., Poland	100
SSC Consolidation NV, Belgium	50
SSC Consolidation BV, the Netherlands	50
SSC Consolidation LLC, United Arab Emirates	50
Shipco Transport AB, Sweden	100
OY Shipco Transport AB, Finland	100
Shipco Transport AS, Norway	100
Shipco Transport BV, the Netherlands	100
Shipco Transport Eesti AS, Estonia	100
Shipco Transport GmbH, Germany	100
Shipco Transport Ltd., United Kingdom	100
Shipco Transport Ltd., Ireland	100
Shipco Transport NV, Belgium	100
Shipco Transport Denmark A/S, Denmark	100
Shipco Transport Ltd., Ukraine	100
Shipco Transport (Shanghai) Ltd, China	100
Shipco Transport SIA, Latvia	100
Shipco Transport UAB, Lithuania	100
Shipco Transport Vietnam Limited, Vietnam	51
Shipco Transport Istanbul, Turkey	100
Shipco Transport Taiwan Co Ltd., Taiwan	100
Shipco Transport, Sri Lanka	100
Shipco Transport Bulgaria EOOD, Bulgaria	100
Shipco Transport Co. Ltd., Korea	51
Shipco Transport srl, Romania	100
Shipco Transport Ltd., New Zealand	51
Shipco Transport d.o.o, Slovenia	100
Shipco Transport LLC, Russia	100
Shipco Transport (pvt) Ltd., Pakistan	50
Shipco Transport (Canada) Inc., Canada	100
Strait Air Transport A/S, Denmark	100
Strait Air Transport AB, Sweden	100

Management commentary

Group relations (continued)

	Share- holding %
Strait Air Transport AS, Norway	100
Strait Air Transport Eesti AS, Estonia	100
OY Strait Air Transport AB, Finland	100
Simon's Golf A/S, Denmark	100
Nybovej 6 ApS, Denmark	100
Forward – Shipping A/S, Denmark	100
Scan Real Estate A/S, Denmark	100
Scan Real Estate France A/S, Denmark	100
Scan Real Estate Ltd., United Kingdom	100
SARL La Mess, France	100
S.R.E. A/S, Denmark	100
Fredensborg Vagt & Security ApS, Denmark	100
Scan Real Estate Properties A/S, Denmark	100
Scan Factory A/S, Denmark	100
Scan-Sailing Inc., USA	100
80 Washington Street, USA	100
Copenhagen Maritime Services ApS, Denmark	100
Scan-IT Holding A/S, Denmark	100
Scan-IT Pte. Ltd, Singapore	100
Shipco IT Private Limited, India	100
Scan-IT (Thailand) Pvt., Thailand	100
Scan-IT Solution (India) Private Limited, India	100

Some subsidiaries are not included in the group chart according to section 72(4) of the Danish Financial Statements Act.

Statutory corporate social responsibility report according to section 99a of the Danish Financial Statements Act

A.S. Scan Holding A/S complies with all statutory requirements for social considerations, environmental issues, climate changes, human rights and fight against corruption. Due to the size of the organisation, the Company has no separate policies on corporate social responsibility, for which reason this management commentary does not give a separate account of our involvement in corporate social responsibility.

Report on efforts made in relation to the underrepresented gender

It is the policy of A.S. Scan Holding A/S to secure the best professional competence possible at all levels in the Company. The members of Management are solely appointed based on their qualifications and not based on their gender. By doing so, equal opportunities for both genders are secured provided that the candidates applying for the management positions possess the professional skills required.

Management commentary

Target figures for the Board of Directors

The share of women at the Board of Directors of A.S. Scan Holding A/S constitutes 42.9%, corresponding to three out of seven board members. Based on a specific assessment of the Company's situation, including the competences to be present at the Board of Directors, the target is to keep the minimum share of women at the Board of Directors at 42.9% in 2019. This is considered an achievable and ambitious target figure.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Consolidated income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Revenue	1	3.919.519	4.405.495
Cost of sales		(2.882.202)	(3.426.488)
Other external expenses	2	(313.553)	(255.496)
Gross profit/loss		723.764	723.511
Staff costs	3	(639.315)	(606.739)
Depreciation, amortisation and impairment losses	4	(24.553)	(26.291)
Negative goodwill	5	1.060	0
Operating profit/loss		60.956	90.481
Income from investments in associates		4.679	3.374
Other financial income	6	14.046	24.399
Other financial expenses	7	(29.559)	(6.554)
Profit/loss before tax		50.122	111.700
Tax on profit/loss for the year	8	(19.413)	(30.637)
Profit/loss for the year	9	30.709	81.063

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Goodwill		313	451
Intangible assets	10	<u>313</u>	<u>451</u>
Land and buildings		360.361	302.828
Other fixtures and fittings, tools and equipment		54.210	58.807
Leasehold improvements		4.850	6.626
Property, plant and equipment	11	<u>419.421</u>	<u>368.261</u>
Investments in associates		17.100	6.421
Other investments		1.000	0
Other receivables		8.159	11.360
Fixed asset investments	12	<u>26.259</u>	<u>17.781</u>
Fixed assets		<u>445.993</u>	<u>386.493</u>
Trade receivables		524.577	457.625
Deferred tax	13	28.861	22.099
Other receivables		59.475	59.825
Receivables		<u>612.913</u>	<u>539.549</u>
Other investments		48.712	57.417
Other investments		<u>48.712</u>	<u>57.417</u>
Cash		<u>384.596</u>	<u>466.703</u>
Current assets		<u>1.046.221</u>	<u>1.063.669</u>
Assets		<u>1.492.214</u>	<u>1.450.162</u>

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital		3.000	3.000
Reserve for net revaluation according to the equity method		8.914	0
Retained earnings		831.502	824.196
Proposed dividend		15.000	6.000
Equity		<u>858.416</u>	<u>833.196</u>
Deferred tax	13	663	1.242
Provisions		<u>663</u>	<u>1.242</u>
Other payables		19.900	20.086
Non-current liabilities other than provisions	14	<u>19.900</u>	<u>20.086</u>
Current portion of long-term liabilities other than provisions	14	1.834	1.839
Trade payables		511.819	487.990
Income tax payable		14.073	17.192
Other payables		85.509	88.617
Current liabilities other than provisions		<u>613.235</u>	<u>595.638</u>
Liabilities other than provisions		<u>633.135</u>	<u>615.724</u>
Equity and liabilities		<u>1.492.214</u>	<u>1.450.162</u>
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	3.000	0	824.196	6.000
Ordinary dividend paid	0	0	0	(6.000)
Exchange rate adjustments	0	0	511	0
Other equity postings	0	4.235	(4.235)	0
Profit/loss for the year	0	4.679	11.030	15.000
Equity end of year	3.000	8.914	831.502	15.000
				Total DKK'000
Equity beginning of year				833.196
Ordinary dividend paid				(6.000)
Exchange rate adjustments				511
Other equity postings				0
Profit/loss for the year				30.709
Equity end of year				858.416

Consolidated cash flow statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Operating profit/loss		60.956	90.481
Amortisation, depreciation and impairment losses		24.553	26.291
Working capital changes	15	(48.885)	(12.651)
Cash flow from ordinary operating activities		36.624	104.121
Financial income received		14.046	24.399
Financial income paid		(29.559)	(6.554)
Income taxes refunded/(paid)		(31.660)	(17.268)
Cash flows from operating activities		(10.549)	104.698
Acquisition etc of property, plant and equipment		(77.845)	(48.366)
Sale of property, plant and equipment		2.550	3.812
Acquisition of fixed asset investments		(3.336)	(2.477)
Sale of fixed asset investments		13.207	6.957
Acquisition of enterprises		(7.000)	0
Cash flows from investing activities		(72.424)	(40.074)
Instalments on loans etc		(1.839)	(1.830)
Dividend paid		(6.000)	(5.000)
Cash flows from financing activities		(7.839)	(6.830)
Increase/decrease in cash and cash equivalents		(90.812)	57.794
Cash and cash equivalents beginning of year		524.120	466.326
Cash and cash equivalents end of year		433.308	524.120
Cash and cash equivalents at year-end are composed of:			
Cash		384.596	466.703
Securities		48.712	57.417
Cash and cash equivalents end of year		433.308	524.120

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
1. Revenue		
Shipping services	3.901.116	4.389.111
Rental income, golf course and hotel operation	18.403	16.384
	3.919.519	4.405.495
	2016 DKK'000	2015 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	5.889	5.441
Other assurance engagements	166	194
Tax services	805	657
Other services	1.002	1.064
	7.862	7.356
	2016 DKK'000	2015 DKK'000
3. Staff costs		
Wages and salaries	561.030	529.261
Pension costs	25.109	22.208
Other social security costs	53.176	55.270
	639.315	606.739
Average number of employees	2.809	2.647
	Remunera- tion of manage- ment 2016 DKK'000	Remunera- tion of manage- ment 2015 DKK'000
Total amount for management categories	0	415
	0	415
	2016 DKK'000	2015 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	138	138
Depreciation of property, plant and equipment	24.415	26.153
	24.553	26.291

Notes to consolidated financial statements

5. Negative goodwill

Negative goodwill relates to acquisition of investments in group enterprises during the financial year, in which cost was lower than net asset value at the time of acquisition.

	2016 DKK'000	2015 DKK'000
6. Other financial income		
Other financial income	14.046	24.399
	14.046	24.399
	2016 DKK'000	2015 DKK'000
7. Other financial expenses		
Other financial expenses	29.559	6.554
	29.559	6.554
	2016 DKK'000	2015 DKK'000
8. Tax on profit/loss for the year		
Tax on current year taxable income	30.481	33.003
Change in deferred tax for the year	(7.341)	614
Adjustment concerning previous years	(3.727)	(2.980)
	19.413	30.637
	2016 DKK'000	2015 DKK'000
9. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	15.000	6.000
Transferred to reserve for net revaluation according to the equity method	4.679	0
Retained earnings	11.030	75.063
	30.709	81.063
		Goodwill DKK'000
10. Intangible assets		
Cost beginning of year		6.413
Cost end of year		6.413
Amortisation and impairment losses beginning of year		(5.962)
Amortisation for the year		(138)
Amortisation and impairment losses end of year		(6.100)
Carrying amount end of year		313

Notes to consolidated financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
11. Property, plant and equipment			
Cost beginning of year	374.130	158.719	17.962
Exchange rate adjustments	(368)	1.497	198
Additions	65.784	9.707	2.354
Disposals	(3.113)	(9.989)	0
Cost end of year	436.433	159.934	20.514
Depreciation and impairment losses beginning of the year	(71.302)	(99.912)	(11.336)
Exchange rate adjustments	127	(1.024)	(150)
Depreciation for the year	(5.818)	(14.419)	(4.178)
Reversal regarding disposals	921	9.631	0
Depreciation and impairment losses end of the year	(76.072)	(105.724)	(15.664)
Carrying amount end of year	360.361	54.210	4.850
	Investments in associates DKK'000	Other investments DKK'000	Other receivables DKK'000
12. Fixed asset investments			
Cost beginning of year	2.186	0	11.360
Exchange rate adjustments	0	0	249
Additions	6.000	1.000	3.336
Disposals	0	0	(6.786)
Cost end of year	8.186	1.000	8.159
Revaluations beginning of year	4.235	0	0
Amortisation of goodwill	(400)	0	0
Revaluations for the year	5.079	0	0
Revaluations end of year	8.914	0	0
Carrying amount end of year	17.100	1.000	8.159

Goodwill on consolidation amounts to DKK 4,368 thousand at year-end.

Notes to consolidated financial statements

	2016		
	DKK'000		
13. Deferred tax			
Changes during the year			
Beginning of year			20.857
Recognised in the income statement			7.341
End of year			28.198
	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000
14. Liabilities other than provisions			
Other payables	1.834	1.839	19.900
	1.834	1.839	19.900
		2016 DKK'000	2015 DKK'000
15. Change in working capital			
Increase/decrease in receivables		(66.482)	19.958
Increase/decrease in trade payables etc		17.597	(32.609)
		(48.885)	(12.651)
		2016 DKK'000	2015 DKK'000
16. Unrecognised rental and lease commitments			
Hereof liabilities under rental or lease agreements until maturity in total		70.267	68.320
		2016 DKK'000	2015 DKK'000
17. Contingent liabilities			
Recourse and non-recourse guarantee commitments		5.852	4.811
Contingent liabilities in total		5.852	4.811

Parent income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Other external expenses		(170)	(583)
Operating profit/loss		(170)	(583)
Income from investments in group enterprises		30.941	81.567
Other financial expenses	1	(118)	(70)
Profit/loss before tax		30.653	80.914
Tax on profit/loss for the year	2	56	149
Profit/loss for the year	3	30.709	81.063

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Investments in group enterprises		874.069	842.617
Fixed asset investments	4	<u>874.069</u>	<u>842.617</u>
Fixed assets		<u>874.069</u>	<u>842.617</u>
Deferred tax		90	202
Other receivables		4	0
Income tax receivable		62	0
Receivables		<u>156</u>	<u>202</u>
Cash		<u>146</u>	<u>248</u>
Current assets		<u>302</u>	<u>450</u>
Assets		<u>874.371</u>	<u>843.067</u>

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Contributed capital	5	3.000	3.000
Reserve for net revaluation according to the equity method		566.439	534.987
Retained earnings		273.977	289.209
Proposed dividend		15.000	6.000
Equity		<u>858.416</u>	<u>833.196</u>
Trade payables		36	95
Payables to group enterprises		15.919	2.924
Income tax payable		0	6.852
Current liabilities other than provisions		<u>15.955</u>	<u>9.871</u>
Liabilities other than provisions		<u>15.955</u>	<u>9.871</u>
Equity and liabilities		<u>874.371</u>	<u>843.067</u>
Contingent liabilities	6		
Related parties with controlling interest	7		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	3.000	534.987	289.209	6.000
Ordinary dividend paid	0	0	0	(6.000)
Exchange rate adjustments	0	511	0	0
Profit/loss for the year	0	30.941	(15.232)	15.000
Equity end of year	3.000	566.439	273.977	15.000
				Total DKK'000
Equity beginning of year				833.196
Ordinary dividend paid				(6.000)
Exchange rate adjustments				511
Profit/loss for the year				30.709
Equity end of year				858.416

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
1. Other financial expenses		
Financial expenses from group enterprises	118	70
	118	70

	2016 DKK'000	2015 DKK'000
2. Tax on profit/loss for the year		
Change in deferred tax for the year	(112)	(147)
Adjustment concerning previous years	56	(2)
	(56)	(149)

	2016 DKK'000	2015 DKK'000
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	15.000	6.000
Transferred to reserve for net revaluation according to the equity method	30.941	81.567
Retained earnings	(15.232)	(6.504)
	30.709	81.063

	Investment s in group enterprises DKK'000
4. Fixed asset investments	
Cost beginning of year	307.630
Cost end of year	307.630
Revaluations beginning of year	534.987
Exchange rate adjustments	511
Share of profit/loss for the year	30.941
Revaluations end of year	566.439
Carrying amount end of year	874.069

	Number	Par value DKK'000	Nominal value DKK'000
5. Contributed capital			
A shares	300	1	300
B shares	2.700	1	2.700
	3.000		3.000

Notes to parent financial statements

6. Contingent liabilities

The Company serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable as of the financial year 2013 for income taxes etc for the jointly taxed companies, and as of 01.07.2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies.

7. Related parties with controlling interest

Related parties with a controlling interest in A.S. Scan Holding A/S:

- Arne Simonsen, Skodsborg Strandvej 7, 2942 Skodsborg, shareholder

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year, except for some small adjustments that have had no effect on profit or loss and equity but are merely considered reclassifications.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements include A.S. Scan Holding A/S (Parent) and subsidiaries in which A.S. Scan Holding A/S either directly or indirectly holds more than 50% of the voting rights or in any other way have controlling influence. Jointly controlled entities are consolidated on a pro rata basis.

All entities, which are partly owned at present, are considered jointly controlled entities and have therefore been recognised on a pro rata basis.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation

Foreign currency transactions are translated applying the exchange rates at the transaction date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date are recognised in the income statement as financial income or financial expenses.

Receivables, payables, and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated applying the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the balance sheet date and the one in effect at the time when the receivable or payable arose are recognised in the income statement as financial income or financial expenses.

If the foreign subsidiaries meet the criteria of independent entities, their income statements and balance sheets are translated applying the exchange rates at the balance sheet date. Exchange differences that arise from translation of foreign subsidiaries' equity at the beginning of the year, applying the exchange rates at the balance sheet date, are recognised directly in equity.

Accounting policies

Income statement

Revenue

Revenue is recognised in the income statement if delivery to the Group's cooperators has taken place before year-end and if the income can be computed reliably and receipt is expected. Revenue is recognised net of VAT, duties and sales discounts.

Cost of sales

Costs relating to revenue are accrued according to the method of revenue recognition. Other costs relating to the financial year in terms of time are charged to the income statement.

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

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

Negative goodwill

Negative goodwill, which arises from negative differences between cost of entities acquired and the fair value-measured net assets acquired from the acquisition, is recognised as income in profit or loss at the time of acquisition of each entity.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

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

The Company is jointly taxed with all of its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The period of amortisation is usually 5-7 years.

The carrying amount of goodwill is assessed currently and written down to recoverable amount if the carrying amount exceeds the estimated future net income from the enterprise or activity to which the goodwill is related.

Property, plant and equipment

Land and buildings, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The basis of depreciation is cost less estimated residual value after the end of useful life.

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

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	15-50 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

On initial recognition, lease contracts regarding property, plant and equipment in which the Company holds all material risks and advantages related to the ownership (finance leasing) are measured in the balance sheet at fair value or present value, if lower, of future lease payments. At the computation of present value, the internal interest rate of the lease contract or an approximate value is used as discount factor. Assets held under finance leases are then treated as the Company's other property, plant and equipment.

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

Accounting policies

Investments in group enterprises

Income statement

The Company's share of the subsidiaries' profits or losses after elimination of unrealised intra-group profits and losses and plus or minus amortisation of positive, or negative, goodwill is recognised in the income statement.

Balance sheet

Investments in subsidiaries are recognised in the balance sheet at the pro rata share of the enterprises' equity in accordance with the Parent's accounting policies plus or minus unrealised intra-group profits and losses and plus or minus the residual value of positive, or negative, goodwill calculated according to the purchase method.

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

Net revaluation of investments in subsidiaries is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost less amortisation of goodwill.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised pro rata internal profits and losses.

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

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally five to seven years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value. Provisions for bad and doubtful debts are made at net realisable value.

Accounting policies

Other investments

Other investments recognised as fixed asset investments comprise listed securities which are measured at fair value (market price) at the balance sheet date. Unlisted securities etc are measured at estimated market value.

Deferred tax

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

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

Other investments

Other investments recognised as current assets comprise listed securities and investments which are measured at fair value (market price) at the balance sheet date. Unlisted securities etc are measured at estimated market value.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Accounting policies

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

Segment information

Besides activities regarding rental, golf course and hotel operation, the Group's activities only comprise sea freight, shipping and logistics on the world market. Consequently, it is not relevant to provide further disclosures on business segments, just as it is not relevant to provide disclosures on geographical markets.