Holdingselskabet af 10. januar 2013 II A/S

Hveensgade 1, 8000 Aarhus C

CVR No 35 20 59 18

Annual Report for 2016

4th Financial Year

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

Hans Hedegaard
Chairman

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, CVR-nr. 33 77 12 31
Nobelparken, Jens Chr. Skous Vej 1, DK-8000 Aarhus C
T: +45 8932 0000, F: +45 8932 0010, www.pwc.dk

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Management's Statement on the Annual Report

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Holdingselskabet af 10. januar 2013 II A/S for the financial year 1 January 2016 - 31 December 2016.

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

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

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

Aarhus, 4 May 2017

Executive Board

Jess Ørgaard Libak Tropp

Board of Directors

Lars Terney Chairman	Christian Hedegaard	Jess Ørgaard Libak Tropp

Independent Auditor's Report

To the Shareholders of Holdingselskabet af 10. januar 2013 II A/S

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Holdingselskabet af 10. januar 2013 II A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statements of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Independent Auditor's Report

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

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

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

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

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Michael Nielsson
State Authorised Public Accountant

Lars Greve Jensen
State Authorised Public Accountant

pwc

Company Information

The Company's name	Holdingselskabet af 10. januar 2013 II A/S
Address	"Shipping Huset" Hveensgade 1 DK-8000 Aarhus C CVR No: 35 20 59 18 Financial Period: 1 January – 31 December Financial Year: 4th Financial Year Municipality of reg. office: Aarhus
Board of Directors	Lars Terney (Chairman) Christian Hedegaard Jess Ørgaard Libak Tropp
Executive Board	Jess Ørgaard Libak Tropp
Auditors	PricewaterhouseCoopers Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights for the Group

The Company's financial highlights are shown below. As it is the Group's fourth financial year, only comparative figures for three previous years have been included.

	2016	2015	2014	13 June - 31 December 2013
	DKK '000	DKK '000	DKK '000	DKK '000
Key figures				
Profit/loss				
Revenue	3 366 021	3 459 336	4 115 577	1 914 196
EBITDA	203 119	240 996	402 007	144 258
EBITDA adjusted for special items*)	254 617	275 392	424 296	187 744
Operating profit/loss	- 69 977	- 20 870	138 895	10 174
Profit/loss before financial income and expenses	- 61 752	- 17 727	141 533	12 807
Net financials	- 119 247	- 104 183	- 120 092	- 67 894
Profit/loss before tax	- 180 999	- 121 910	21 441	- 55 087
Profit/loss for the year	- 183 995	- 126 828	14 251	- 56 700
Balance Sheet				
Equity including minority interest	1 731 847	1 904 254	2 011 608	2 007 812
Investment in property, plant and equipment	1 653	1 254	2 389	1 960
Current assets	880 378	811 867	996 232	768 235
Short-term debt	640 275	468 624	637 048	495 228
Balance sheet total	3 918 368	4 073 763	4 475 722	4 492 632
Ratios				
Profit margin	-1.8%	-0.5%	3.4%	0.7%
Return on assets	-1.6%	-0.4%	3.2%	0.3%
Return on equity	-10.2%	-6.5%	0.6%	-2.8%
Liquidity ratio	137.5%	173.2%	156.4%	155.1%
Solvency ratio	44.2%	46.7%	44.9%	44.7%

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

Financial Highlights for the Group

Explanation of financial ratios

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

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

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

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

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

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

Review

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

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

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

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

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

The macroeconomic situation in Egypt changed considerably during 2016, as a financial and currency crisis has impacted the activities in ports of Egypt. As a consequence of this the Group's Mediterranean activities has been negatively affected.

The combined effect of above is a full year reported EBITDA of DKK 203m, which is below our expectations at the beginning of the year. However, the result is significantly impacted by time delay related to time charter and bunker cost as well as one-off non-recurring special items. EBITDA adjusted for special items and non-recurring bunker timelag amounts to DKK 263m. Taking these factors into consideration the result is acceptable.

Review

In connection with financing the investments, there is a risk relating to interest fluctuations, which, however, has been covered through hedging of approximately 50% of the loans. The Group's credit agreement has been in force and fully complied with during 2016, which is expected to persist in 2017.

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

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

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

In 2016 the Company acquired own shares for DKK 1m. In total 125,000 pieces of B-shares corresponding to 0.06% of the total share capital and 7.1% of B-shares. The shares were acquired in accordance with the structure of the company.

The Company has own shares, in total 180,557 pieces of B-shares corresponding to 0.09% of the total share capital and 11.1% of B-shares.

Holdingselskabet af 10. januar 2013 II's Corporate Social Responsibility (CSR)

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

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

1. **Reducing environmental impact**

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

2. Employee well-being and working conditions

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

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

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

3. Ethical Business Conduct

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

Ref 1: Reducing environmental impact

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

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

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

Review

Ref 2: Employee well-being and working conditions

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

We respect that the work culture is different across regions. This means that the approach regarding performance and development of employees is different between Northern and Southern Region.

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

In the Southern region performance and development of employees is also done on an individual basis. In 2016, these processes have been formalized to include career planning, staff and management evaluations thus leading to improved efficiency and job satisfaction.

Ref 3: Ethical Business Conduct

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

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

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

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

Review

The main achievements in 2016:

Fuel consumption North Europe:

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

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

Fuel consumption Mediterranean:

During 2016 the changes in vessel composition have focused on chartering newer vessels, when available, in order to decrease fuel consumption. We will in 2017 see a lower fuel consumption per nautical mile. Further to this we have been implementing extended performance tools and procedures in the Mediterranean similar to Northern Europe. This will enable us to monitor the development closely and measure the effects of initiatives implemented. As KPI tools are being implemented specific targets will be set to ensure efficient follow up on the measures implemented.

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

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

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

Review

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

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

Policy – equal opportunities

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

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

The Group has for the time being no female board members, nor are there any female board members in any of the Danish subsidiaries covered by the Danish Financial Statements Act § 99b. The board is cognisant of this under-representation and wants to contribute to increasing the number of female board members, mind bearing that within the logistics sector there is traditionally a low ratio of women on board level and also on top and middle management levels.

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

In the Group's management team, 13 % are currently women. Due to the limited recruiting possibilities for leading women within logistics, the current level is seen as satisfactory. Meanwhile, it is the Group's aim to increase the ratio of women in the management team. In 2016 we have continued to

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

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

Consolidated Income Statement

	Note	2016	2015
		DKK '000	DKK '000
Revenue	1	**3 366 021**	**3 459 336**
Cost of sales		- 2 916 701	- 2 967 102
Gross profit/loss		**449 320**	**492 234**
Administrative expenses	2	- 519 297	- 513 104
Operating profit/loss		**- 69 977**	**- 20 870**
Other operating income		9 139	4 130
Other operating expenses		- 914	- 987
Profit/loss before financial income and expenses		**- 61 752**	**- 17 727**
Income from investments in associates		2 211	18 989
Financial income		7 906	4 915
Financial expenses		- 129 364	- 128 087
Profit/loss before tax		**- 180 999**	**- 121 910**
Tax on profit/loss for the year	3	- 2 996	- 4 918
Net profit/loss for the year		**- 183 995**	**- 126 828**

Distribution of net profit for the year

Shareholders in Holdingselskabet af 10. januar 2013 II A/S	- 184 437	- 127 853
Minority interests' share of net profit/loss of subsidiaries	442	1 025
	- 183 995	**- 126 828**

Consolidated Balance Sheet 31 December

Assets

	Note	2016	2015
		DKK '000	DKK '000
IT-software		21 809	19 377
Goodwill		3 007 487	3 231 923
Intangible assets	4	**3 029 296**	**3 251 300**
Building on leased land		0	660
Other fixtures and fittings, tools and equipment		7 572	8 927
Property, plant and equipment	5	**7 572**	**9 587**
Investments in associates		502	0
Deposits		620	1 009
Fixed asset investments	6	**1 122**	**1 009**
Fixed assets		**3 037 990**	**3 261 896**
Bunker inventories		**40 997**	**25 984**
Trade receivables		427 133	412 966
Other receivables		15 785	17 146
Deferred tax asset		24	7
Corporation tax		520	528
Prepayments	7	47 370	81 155
Receivables		**490 832**	**511 802**
Current asset investments		**19**	**19**
Cash at bank and in hand		**348 530**	**274 062**
Current assets		**880 378**	**811 867**
Assets		**3 918 368**	**4 073 763**

Consolidated Balance Sheet 31 December

Liabilities and equity

	Note	2016	2015
		DKK '000	DKK '000
Share capital		205 662	205 662
Retained earnings		1 525 015	1 696 864
Shareholder equity		1 730 677	1 902 526
Minority interests		1 170	1 728
Total equity		**1 731 847**	**1 904 254**
Provisions		10 223	10 060
Provision for negative associates		0	1 685
Provisions	8	**10 223**	**11 745**
Credit institutions		1 536 023	1 689 140
Long-term debt	9	**1 536 023**	**1 689 140**
Credit institutions		113 307	73 024
Trade payables		363 531	254 288
Corporation tax		2 696	3 714
Other payables		137 985	122 515
Deferred income	10	22 756	15 083
Short-term debt		**640 275**	**468 624**
Debt		**2 176 298**	**2 157 764**
Liabilities and equity		**3 918 368**	**4 073 763**

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Consolidated Statement of Changes in Equity

	Share capital	Retained earnings	Shareholder Equity	Minority interests	Total Equity
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity 1 January 2015	205 304	1 804 276	2 009 580	2 028	2 011 608
Dividend paid for 2014	0	0	0	- 1 414	-1 414
Capital increase	358	3 942	4 300	0	4 300
Equity adjustments in group enterprises and associates	0	16 499	16 499	89	16 588
Proposed distribution of profit	0	-127 853	-127 853	1 025	-126 828
Equity 1 January 2016	205 662	1 696 864	1 902 526	1 728	1 904 254
Dividend paid for 2015	0	0	0	- 1 028	-1 028
Purchases of own shares	0	-2 201	-2 201	0	-2 201
Equity adjustments in group enterprises and associates	0	14 789	14 789	28	14 817
Proposed distribution of profit	0	-184 437	-184 437	442	-183 995
Equity 31 December 2016	**205 662**	**1 525 015**	**1 730 677**	**1 170**	**1 731 847**

Consolidated Cash Flow Statement

	Note	2016	2015
		DKK '000	DKK '000
Net profit/loss for the year		- 184 437	- 127 853
Adjustments	15	402 938	384 608
Change in working capital	16	138 352	26 509
Cash flows from operating activities before financial income and expenses		**356 853**	**283 264**
Financial income		1 272	4 915
Financial expenses		- 120 771	- 110 012
Cash flows from ordinary activities		**237 354**	**178 167**
Corporation tax paid		- 4 393	- 6 133
Cash flows from operating activities		**232 961**	**172 034**
Purchase of intangible assets		- 39 350	- 11 193
Purchase of property, plant and equipment		- 1 653	- 1 254
Purchase of fixed asset investments		0	- 310
Acquisition of activities		0	- 148 568
Sale of property, plant and equipment		75	205
Sale of fixed asset investments		386	62 005
Dividends received		71	5 536
Cash flows from investing activities		**- 40 471**	**- 93 579**
Purchase own shares		- 2 201	0
Repayment of loans from credit institutions		- 114 793	- 149 477
Capital increase		0	4 300
Dividend paid minority interests		- 1 028	- 1 414
Cash flows from financing activities		**- 118 022**	**- 146 591**
Change in cash and cash equivalents		**74 468**	**- 68 136**
Cash and cash equivalents at 1 January		274 081	342 217
Cash and cash equivalents at 31 December		**348 549**	**274 081**
Cash and cash equivalents are specified as follows:			
Current asset investments		19	19
Cash at bank and in hand		348 530	274 062
Cash and cash equivalents at 31 December		**348 549**	**274 081**

Notes to the Consolidated Annual Report

1 Revenue

The Groups activity comprises international goods transports within the business units Feeder Service and Shortsea Service with the below part of the revenue. Geographical the groups activities take place in two areas: Northern Europe and the Mediterranean with the below split of the revenue.

	2016	2015
Business segments		
Feeder Service	71%	77%
Shortsea Service	29%	23%
	100%	**100%**
Geographical segments		
Northern Europe	75%	76%
The Mediterranean	25%	24%
	100%	**100%**

2 Administrative expenses

	2016	2015
	DKK '000	DKK '000
Administrative expenses include the following:		
Wages, salaries and remuneration	149 998	148 013
Pensions	10 975	9 507
Remuneration to the Executive Board and the Board of Directors*	3 855	3 486
Social security expenses	15 755	14 954
	180 583	**175 960**
Average number of employees exclusive crew on chartered vessels	**408**	**438**

* Remuneration to the Executive Board and the Board of Directors consists of remuneration to the total Group Executive Board and the Board of Directors in Unicorn ApS.

Notes to the Consolidated Annual Report

	2016	2015
	DKK '000	DKK '000

3 Tax on profit/loss for the year

	2016	2015
Current tax for the year	4 350	3 930
Deferred tax for the year	0	74
Adjustment of tax concerning previous years	- 1 354	914
Total tax for the year	**2 996**	**4 918**

4 Intangible assets

	IT software	Goodwill	Total
	DKK '000	DKK '000	DKK '000
Cost at 1 January	41 996	3 858 706	3 900 702
Exchange rate adjustment	3	0	3
Additions for the year	10 327	29 023	39 350
Disposals for the year	- 947	0	- 947
Cost at 31 December	51 379	3 887 729	3 939 108
Amortisation at 1 January	22 619	626 783	649 402
Exchange rate adjustments	- 1	0	- 1
Amortisation for the year	7 890	253 459	261 349
Amortisation on disposals for the year	- 938	0	- 938
Amortisation at 31 December	29 570	880 242	909 812
Carrying amount at 31 December	**21 809**	**3 007 487**	**3 029 296**
Carrying amount at 1 January	**19 377**	**3 231 923**	**3 251 300**

Notes to the Consolidated Annual Report

5 Property, plant and equipment

	Building on leased land	Other fixtures and fittings, tools and equipment	Total
	DKK '000	DKK '000	DKK '000
Cost at 1 January	17 186	30 869	48 055
Exchange rate adjustments	0	21	21
Additions for the year	0	1 653	1 653
Disposals for the year	0	- 6 123	- 6 123
Cost at 31 December	17 186	26 420	43 606
Depreciation at 1 January	16 526	21 942	38 468
Exchange rate adjustments	0	- 2	- 2
Depreciation for the year	660	2 862	3 522
Depreciation of sold assets for the year	0	- 5 954	- 5 954
Depreciation at 31 December	17 186	18 848	36 034
Carrying amount at 31 December	**0**	**7 572**	**7 572**
Carrying amount at 1 January	**660**	**8 927**	**9 587**

6 Fixed asset investments

	Investments in associates	Deposits etc	Total
	DKK '000	DKK '000	DKK '000
Cost at 1 January	1 269	1 009	2 278
Exchange rate adjustments	41	-3	38
Additions for the year	0	0	0
Disposals for the year	0	-386	- 386
Cost at 31 December	1 310	620	1 930
Value adjustments 1 January	-1 269	0	-1 269
Negative value transferred from provisions	- 1 685	0	- 1 685
Exchange rate adjustments	6	0	6
Adjustment from sold of activities	0	0	0
Value adjustments for the year	2 140	0	2 140
Value adjustments 31 December	- 808	0	- 808
Carrying amount at 31 December	**502**	**620**	**1 122**
Carrying amount at 1 January	**0**	**1 009**	**1 009**

Notes to the Consolidated Annual Report

6 Fixed asset investments (continued)

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership
InterEgypt Shipping Company (SAE)	Egypt	USD 1,091k	50%

7 Prepayments (assets)

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

8 Provisions

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

9 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:

	2016	2015
	DKK '000	DKK '000
After 5 years		
Credit institutions	0	0
Between 1 and 5 years		
Credit institutions	1 536 023	1 689 140
Long-term part	**1 536 023**	**1 689 140**

10 Deferred income (liabilities and equity)

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

Notes to the Consolidated Annual Report

11 Contingent liabilities and other financial obligations

The shares in the major companies in the Group with a booked value of DKK 1,705.3m are pledged as security for engagement with the bank. Cash in hand and in bank of DKK 334.5m are pledged as security for engagement with the bank.

At the balance sheet date the Group's rent obligations amount to DKK 36.9m.

The Group currently enters into contracts for charter of vessels for periods of up to 5 years. The charter obligation amounts to DKK 429,4m at 31 December 2016.

The Group's leasing obligation at the balance sheet date amounts to DKK 4.8m.

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

Of the cash at hand and in bank DKK 1.6m has been pledged as guarantee for rent obligations.

12 Fee to auditors appointed at the general meeting

	2016	2015
	DKK '000	DKK '000
Audit fee	1 165	1 100
Other assurance services	20	151
Tax advise	735	606
Non-audit services	2 285	1 297
	4 205	**3 154**

13 Material events after balance sheet date

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

14 Financial instruments

The Group covers interest risk using interest rate swap where variable interest is changed to a fixed rate. The interest rate swap covers loans for DKK 892m. The fair value per 31 December 2016 is DKK -26.2m (2015: DKK -34.6m). The change in the fair value is recognized at the equity. The interest rate swap expires June 2018.

Notes to the Consolidated Annual Report

15 Cash flow statement - adjustments

	2016 DKK '000	2015 DKK '000
Financial income	- 7 906	- 4 915
Financial expenses	129 364	128 087
Depreciation, amortisation and impairment	264 974	258 650
Income from investments in associates after tax	-2 211	- 18 989
Tax on profit/loss for the years	2 996	4 918
Provisions	212	149
Minority interests	442	1 025
Other adjustments	15 067	15 683
	402 938	**384 608**

16 Cash flow statement - change in working capital

	2016 DKK '000	2015 DKK '000
Change in bunker inventories etc	- 15 013	26 854
Change in receivables	20 979	101 116
Change in short-term debt	132 386	- 101 461
	138 352	**26 509**

Income Statement for the Parent Company

	Note	2016	2015
		DKK '000	DKK '000
Administrative expenses	1	- 59	- 127
Profit/loss before financial income and expenses		**- 59**	**- 127**
Income from investments in subsidiaries		- 184 373	- 127 731
Financial income		0	0
Financial expenses		- 10	- 3
Profit/loss before tax		**- 184 442**	**- 127 861**
Tax on profit/loss for the year	2	5	8
Net profit/loss for the year		**- 184 437**	**- 127 853**

Balance Sheet for the Parent Company 31 December

Assets

	Note	2016	2015
		DKK '000	DKK '000
Investments in subsidiaries		1 705 268	1 874 851
Fixed asset investments	3	**1 705 268**	**1 874 851**
Fixed assets		**1 705 268**	**1 874 851**
Receivables from group enterprises		27 614	30 614
Receivables		**27 614**	**30 614**
Cash at hand and in bank		**1 551**	**816**
Current assets		**29 165**	**31 430**
Assets		**1 734 433**	**1 906 281**

Balance Sheet for the Parent Company 31 December

Liabilities and equity

	Note	2016	2015
		DKK '000	DKK '000
Share capital	4	205 662	205 662
Retained earnings		1 525 015	1 696 864
Equity		**1 730 677**	**1 902 526**
Payables to group enterprises		3 697	3 701
Other payables		59	54
Short-term debt		**3 756**	**3 755**
Debt		**3 756**	**3 755**
Liabilities and equity		**1 734 433**	**1 906 281**
Contingent liabilities and other financial obligations	5		
Fee to auditors appointed at the general meeting	6		
Material events after balance sheet date.	7		

Statement of changes in Equity

	Note	Share capital	Retained earnings	Total
		DKK '000	DKK '000	DKK '000
Equity 1 January 2015		205 304	1 804 276	2 009 580
Capital increase		358	3 942	4 300
Exchange rate adjustments ect.		0	16 499	16 499
Proposed distribution of profit	8	0	- 127 853	- 127 853
Equity 1 January 2016		205 662	1 696 864	1 902 526
Purchases of own shares		0	- 2 201	- 2 201
Equity adjustments in group enterprises and associates		0	14 789	14 789
Proposed distribution of profit	8	0	- 184 437	- 184 437
Equity 31 December 2016		**205 662**	**1 525 015**	**1 730 677**

Notes to the Annual Report for the Parent Company

1 Administrative expenses

During the financial year the company has employed a Managing Director who has received no remuneration from the Company.

2 Tax on profit/loss for the year

	2016	2015
	DKK '000	DKK '000
Adjustment of tax concerning previous years	5	8
Total tax for the year	**5**	**8**

3 Fixed asset investments

	Investments in subsidiaries
	DKK '000
Cost at 1 January	2 039 013
Cost at 31 December	2 039 013
Value adjustments 1 January	- 164 162
Value adjustments for the year	- 169 583
Value adjustments 31 December	- 333 745
Carrying amount at 31 December	**1 705 268**
Carrying amount at 1 January	**1 874 851**

Notes to the Annual Report for the Parent Company

3 Fixed asset investments (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Holdingselskabet af 10. januar 2013 A/S	Denmark	100%
Unicorn ApS	Denmark	100%
Unifeeder A/S	Denmark	100%
Unifeeder Norway AS	Norway	100%
C.M. Contempora Ltd.	Cyprus	100%
Fetamont Ltd.	Cyprus	100%
Senator Ltd.	Marshall Islands	100%
Swan Ship Co.	Marshall Islands	100%
Unimed Feeder Services A/S	Denmark	100%
Alkion Shipmanagement Ltd.	Cyprus	100%
IMCL Holdings Ltd.	Cyprus	100%
Unifeeder General Partner ApS	Denmark	100%
Investeringsselskabet af 01.07.2013 ApS	Denmark	100%
Unifeeder Russia LLC	Russia	100%
Feeder Shipping Agencies (Holding) Limited	Marshall Islands	100%

Information concerning a number of subsidiaries has been left out according to § 97a subsection 4 in the Danish Financial Statements Act.

4 Share Capital

The share capital consists of 203,901,948 A-shares of a nominal value of DKK 1 per share, and 1,759,923 B-shares of a nominal value of DKK 1 per share.

Share capital was increased by DKK 204,804k in 2013 and DKK 358k in 2015.

Costs in connection with capital increase amounts to DKK 0.

5 Contingent liabilities and other financial obligations

The shares in the major companies in the Group with af booked value of DKK 1,705,3m are pledged as security for engagement with the bank. Cash in hand and in bank of DKK 1.6m are pledged as security for engagement with the bank.

Notes to the Annual Report for the Parent Company

6 Fee to auditors appointed at the general meeting

Please see note 12 of the Consolidated Annual Report.

7 Material events after balance sheet date.

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

	2016	2015
	DKK '000	DKK '000
8 Proposed distribution of profit		
Retained earnings	- 184 437	- 127 853
	- 184 437	**- 127 853**

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Basis of Preparation

The Annual Report of Holdingselskabet af 10. januar 2013 II A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from previous years.

The Annual Report for 2016 is presented in DKK thousands.

Recognition and measurement

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

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

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

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

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

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

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

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Recognition and measurement (continued)

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

Basis of consolidation

The Annual Report comprises the Parent Company, Holdingselskabet af 10. januar 2013 II 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.

Associated companies are consolidated after either the equity method or pro rata consolidation if the conditions therefore are met, hence the description below regarding joint ventures.

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

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

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

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Basis of consolidation (continued)

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

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

Minority interests

On statement of group results and group equity, the shares of results and equity of subsidiaries attributable to minority interests are recognised as separate items in the income statement and the balance sheet. Minority interests are recognised on the basis of a re-measurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests, the changed share is included in results as of the date of change.

Leases

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

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

Assets acquired under finance leases are depreciated and written down for impairment under the same policy as the other property, plant and equipment of the Group.

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

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Translation policies

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

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

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

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

Derivative financial instruments

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

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

Hedge accounting

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

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Hedge accounting (continued)

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

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

Company tax and deferred tax

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

The Group's current tax for the year comprises tax calculated under the rules of the Danish Tonnage Taxation Act as regards the part of the activity in a subsidiary governed by the Danish Tonnage Taxation Act, and tax calculated under the ordinary tax rules as regards other activities. Some of the subsidiaries have been registered under the tonnage taxation scheme. Based on the planned use of chartered vessels, the tonnage taxation scheme does not imply any liability; therefore, deferred tax is not recognised in the balance sheet on assets and liabilities relating to the activity subject to tonnage taxation.

For other activities, deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is measured on the basis of the tax rules and tax rates of the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

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

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Income Statement

Revenue

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

Cost of sales

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

Administrative expenses

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

Other operating income and expenses

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

Income from investments in subsidiaries and associates

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

Financial income and expenses

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

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Balance Sheet

Intangible assets

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

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

Software etc, are measured at cost less accumulated amortisation or at a lower recoverable amount. Software licences, including development costs in connection with major implementation projects, are recognised in the balance sheet and amortised on a straight-line basis over the useful life, estimated at 3-5 years.

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

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

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

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Impairment of fixed assets

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

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

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

Investments in subsidiaries and associates

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

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

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

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

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Bunker inventories

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

Receivables

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

Current asset investments

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

Equity

Dividend

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

Provisions

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

Financial debts

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

Prepayments and deferred income

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

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

Notes to the Annual Report

Accounting Policies for the Group and the Parent Company

Cash Flow Statement

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

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

Cash flows from operating activities

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

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

Cash and cash equivalents

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