# *Holdingselskabet af 10. Januar 2013 II A/S*

Tangen 6, DK-8200 Aarhus N

Annual Report for 2018

CVR No 35 20 59 18

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 20/5 2019

Mie Letager Kjeldsen
Chairman of the General Meeting

# Contents

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Holdingselskabet af 10. Januar 2013 II A/S for the financial year 1 January - 31 December 2018.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018.

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

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

Aarhus, 14 May 2019

**Executive Board**

Jesper Kristensen

**Board of Directors**

| | | |
|---|---|---|
| Ganesh Raj<br>Chairman | Rashid Abdulla | Anil Mohta |

Jesper Kristensen

# 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 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2018 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 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

**Basis for opinion**

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

**Statement on Management's Review**

Management is responsible for Management's Review.

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

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

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

# Independent Auditor's Report

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

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

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

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

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

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

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

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

# Independent Auditor's Report

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

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

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

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

Aarhus, 14 May 2019
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

| | |
|---|---|
| Michael Nielsson | Lars Greve Jensen |
| State Authorised Public Accountant | State Authorised Public Accountant |
| mne15151 | mne32199 |

# Company Information

| | |
|---|---|
| **The Company** | Holdingselskabet af 10. Januar 2013 II A/S<br>Tangen 6<br>DK-8200 Aarhus N<br><br>CVR No: 35 20 59 18<br>Financial period: 1 January - 31 December<br>Municipality of reg. office: Aarhus |
| **Board of Directors** | Ganesh Raj, Chairman<br>Rashid Abdulla<br>Anil Mohta<br>Jesper Kristensen |
| **Executive Board** | Jesper Kristensen |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Nobelparken<br>Jens Chr. Skous Vej 1<br>DK-8000 Aarhus C |

# Financial Highlights

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

| | Group | | | | |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Key figures** | | | | | |
| **Profit/loss** | | | | | |
| Revenue | 3.892.574 | 3.809.249 | 3.366.021 | 3.459.336 | 4.115.577 |
| EBITDA | 360.917 | 329.676 | 203.119 | 240.996 | 402.007 |
| EBITDA adjusted for special items* | 395.589 | 400.077 | 254.617 | 275.392 | 424.296 |
| Operating profit/loss | 68.531 | 51.023 | -69.977 | -20.870 | 138.895 |
| Profit/loss before financial income and expenses | 87.011 | 60.340 | -61.752 | -17.727 | 141.533 |
| Net financials | -109.520 | -111.616 | -119.247 | -104.183 | -120.092 |
| Profit/loss before tax | -22.509 | -51.276 | -180.999 | -121.910 | 21.441 |
| Net profit/loss for the year | -25.636 | -55.174 | -183.995 | -126.828 | 14.251 |
| **Balance sheet** | | | | | |
| Equity | 1.845.724 | 1.671.246 | 1.731.847 | 1.904.254 | 2.011.608 |
| Investments in property, plant and equipment | 2.808 | 1.872 | 1.653 | 1.254 | 2.389 |
| Current assets | 813.993 | 894.275 | 880.378 | 811.867 | 996.232 |
| Short-term debt | 552.001 | 662.265 | 640.275 | 468.624 | 637.048 |
| Balance sheet total | 3.337.964 | 3.674.754 | 3.918.368 | 4.073.763 | 4.475.722 |
| **Ratios** | | | | | |
| Profit margin | 2,2% | 1,6% | -1,8% | -0,5% | 3,4% |
| Return on assets | 2,6% | 1,6% | -1,6% | -0,4% | 3,2% |
| Solvency ratio | 55,3% | 45,5% | 44,2% | 46,7% | 44,9% |
| Return on equity | -1,5% | -3,2% | -10,1% | -6,5% | 0,7% |
| Liquidity ratio | 147,5% | 135,0% | 137,5% | 173,2% | 156,4% |

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

# Management's Review

Consolidated and Parent Company Financial Statements of Holdingselskabet af 10. Januar 2013 II A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

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 2018.

In December 2018 the Group was acquired by Dubai based DP World. The change of ownership for the Group will give new opportunities to crossfertilize existing DP World businesses with the Group for benefit of both parties. Furthermore, the Group expects growth in both existing and new markets as a consequence the DP World acquisition.

2018 was a year influenced by the macroeconomic uncertainties with high focus on trade restrictions and corresponding general slowdown in growth. As a consequence, volatility in outport volumes has increased. With the strong economic rationale behind outsourcing to handle these dynamics the Group has strengthen its position in the feeder market. For Shortsea the volumes finished strong in 2018 and saw growth compared to the previous year.

Further to the above, the Group has in 2018 continued to build closer cooperations with deep sea lines basis the flexibility and strengths of outsourced feedering. There seems to be an increased focus on taking a more holistic / total cost of operations view on how to secure appropriate connectivity to/from outports. It is therefore of great importance to maintain a strong focus on delivering such solutions to the customers. A number of important ports and terminals were – throughout the year - affected by congestion and other disturbances, complicating the overall production environment.

Despite the Shortsea product again in 2018 being affected by congestion in different ports, the year saw stable Shortsea volume growth. This is possible due to the continued development of successful relations with Europe's large international production companies.

A strong Shortsea business unit together with the feeder activities in the North and in the Mediterranean, continue to imply a balanced business model for the Group.

Full year reported EBITDA amounted to DKK 361m which is above the expectations described in last year's review driven by the above mentioned factors. The results are impacted by non-performance related factors, stemming from delays in bunker adjustment mechanisms and one-off, non-recurring items. EBITDA adjusted here fore amounts to DKK 416m. The 2018 result is considered satisfactory.

# Management's Review

Working capital and cash management continues to be in focus in the Group and a high cash conversion from operational results to liquidity remains a result of this.

For 2019, the overall market is expected to remain flat. Therefore a continued focus in feeder on advocating the advantages of outsourcing will remain important. The Shortsea business unit will continue to build on and drive the conversion from road to sea and thereby grow compared to the level of 2018. Profits for 2019 are expected to be at the level of 2018.

The Group's credit agreement was cancelled in connection with the DP World acquisition and the Group is now financed through intercompany financing. In connection with financing the investments, there is a risk relating to interest fluctuations. The interest risk has not been hedged.

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 2018, the Company sold own shares, in total 180,557 pieces of B-shares corresponding to 0.09% of the total share capital. End of 2018 the Company does not hold own 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)

The business model for the Group is described in the management's review page 7.

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 policies:

**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-to-day 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 including Human Rights**

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, anti-bribery laws 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 distance themselves 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 focus has been on fuel consumption, and in 2018 we have in both North Europe and Mediterranean concentrated on the following daily optimization of consumption.

The initiatives have been:
-Developing and implementing systems solutions, alerting our operational staff when vessels travel at speed higher than expected, thereby enabling instant investigation and resolution
-A revision of our bunker consumption reporting to increase accuracy and speed of reporting, thereby facilitating faster action
-A further structuring of the way we work with improving productivity of the port operation, thereby leaving more time for steaming, resulting in lower bunker consumption

**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 per annum, each employee has minimum two development meetings where manager and employee 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. The input on the working environment is collated in an anonymized way and shared with management, ensuring that improvement steps are taken, if necessary.

In the Southern region performance and development of employees is now being done exactly the same way as in the Northern Region. In addition, the HR EPOS software has been implemented end year 2018 adopting same software as in the North. This will enable launching the Employee Satisfaction Survey as from 2019.

In 2018 we performed a major upgrade of the present office facilities including all new furniture to further enhance the well-being and working conditions.

**Ref 3: Ethical Business Conduct including Human Rights**

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. Also in 2018, an external version has 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. No requests have been submitted in 2018.

**The main achievements in 2018:**

Fuel consumption North Europe:

-Establishment of a tool to ensure that we identify when vessels are not choosing the most direct route
-Use of LNG as fuel. Late 2017, Unifeeder chartered the World's first feeder retrofit to burn LNG instead of bunker oil.
-Use of data from trim optimizer. Unifeeder has for some years had trim optimizing software on board two vessels. The software has result in savings on the vessels in question and has simultaneous gathered data which is now being used to trim sister vessels.

Adjusted for change in vessel size, the average consumption of bunker measured in kg/nautical mile increased by 4,2% compared to 2017. This was mainly caused by high idle time in Rotterdam.

A target of 2.7% reduction in bunker consumption kg/nautical mile has been agreed for 2019.

# Management's Review

Fuel consumption Mediterranean:

During 2018 the software was implemented and being actively utilized monitoring vessels speed as in Northern Europe. This among others has led to increased staff awareness and resources have been made available to further reduce the average bunker consumption. An example of such is updating all seapassage instructions to the vessels on all trades ensuring optimal voyages in terms of distance and fuel consumption.

Target of 2% reduction in bunker consumption kg/nautical mile has been implemented for 2019.

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
The Group has a full Legal Compliance Program implemented for the Group. The program includes policies regarding Anti-Trust, Anti-Bribery and corruption, Trade Sanctions, Whistleblowing and enhanced Code of Conduct – one internal and one external. The internal Code of Conduct covers the Group and the external covers any business partners of the Group and both include compliance with Human Rights, cultural differences, anti-bribery laws etc. The anti-trust program is frequently revisited when needed whereby e.g. new projects are controlled.  The Group has a Data Protection Policy in place.

All employees have a mandatory training in all parts of the full compliance program.

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

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.

Risk assessment

Fuel consumption: Reduction of fuel consumption is Unifeeder's most direct way to reduce our environmental footprint. We are a supplier to and partner of both large ocean carriers and BCO's and for both it is becoming increasingly important to actively include environmental concerns when choosing a supplier. It is hence of competitive importance that we can demonstrate both willingness and ability to assist on this parameter.

# Management's Review

Employee well-being: They employees are as stated above a cornerstone to our success. Unifeeder is asset light and the product is developed and delivered by the employees, just as it is the employees' ability and motivation to continue looking for new and improved way of doing business which drives the Groups competitiveness.

Business Ethics including Human Rights: Compliance with business ethics is crucial for the lawful performance of services provided by Unifeeder but it is also increasingly important when dealing with global customers who put more and more emphasis on the ethical dealings of business partners – and often with demands exceeding what is lawfully required. We continue to keep focus on and constantly improving it our business ethics thereby making sure the competitiveness of the Group is upheld.

**Policy – equal opportunities**

Equal opportunities and focus on diversity are 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 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 on top- and middle management levels. The Group's strategy and ambition is to have one female member of the board before 2023.

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 2018 all members of the board were exchanged following a change in ownership of the Group, however, no increase in female members of the board was achieved.

In the Group's management team, 17% are currently women. Due to the limited recruiting possibilities for leading women within logistics, the current level is considered satisfactory. Meanwhile, it is the Group's aim to increase the ratio of women in the management team.

In 2018 we have only made few changes to the Group Management team, and hence the gender composition has not changed.

## Management's Review

We continue to have candidates of both gender when recruiting for new management positions, just as we consider women when making career and succession planning. Both steps are done without compromising on the qualifications needed to hold the position in question. No change in the gender composition of the management group has been registered in 2018.

# Income Statement 1 January - 31 December

| | Note | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | | TDKK | TDKK | TDKK | TDKK |
| **Revenue** | 1 | **3.892.574** | **3.809.249** | **0** | **0** |
| Cost of sales | | -3.266.122 | -3.226.777 | 0 | 0 |
| **Gross profit/loss** | | **626.452** | **582.472** | **0** | **0** |
| Administrative expenses | 2 | -557.921 | -531.449 | -53 | -154 |
| **Operating profit/loss** | | **68.531** | **51.023** | **-53** | **-154** |
| Other operating income | | 18.480 | 10.289 | 0 | 0 |
| Other operating expenses | | 0 | -972 | 0 | 0 |
| **Profit/loss before financial income and expenses** | | **87.011** | **60.340** | **-53** | **-154** |
| Income from investments in subsidiaries | | 0 | 0 | -26.183 | -55.136 |
| Financial income | | 932 | 5.866 | 3.397 | 2 |
| Financial expenses | | -110.452 | -117.482 | -3.074 | -5 |
| **Profit/loss before tax** | | **-22.509** | **-51.276** | **-25.913** | **-55.293** |
| Tax on profit/loss for the year | 3 | -3.127 | -3.898 | 15 | 7 |
| **Net profit/loss for the year** | | **-25.636** | **-55.174** | **-25.898** | **-55.286** |

# Balance Sheet 31 December

## Assets

| | Note | Group 2018 | Group 2017 | Parent 2018 | Parent 2017 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Software | | 23.726 | 23.145 | 0 | 0 |
| Goodwill | | 2.492.096 | 2.749.231 | 0 | 0 |
| **Intangible assets** | 4 | **2.515.822** | **2.772.376** | **0** | **0** |
| Other fixtures and fittings, tools and equipment | | 6.104 | 6.255 | 0 | 0 |
| Building on leased land | | 0 | 0 | 0 | 0 |
| **Property, plant and equipment** | 5 | **6.104** | **6.255** | **0** | **0** |
| Investments in subsidiaries | 6 | 0 | 0 | 1.637.176 | 1.645.528 |
| Investments in associates | 7 | 508 | 442 | 0 | 0 |
| Deposits | 8 | 1.537 | 1.406 | 0 | 0 |
| **Fixed asset investments** | | **2.045** | **1.848** | **1.637.176** | **1.645.528** |
| **Fixed assets** | | **2.523.971** | **2.780.479** | **1.637.176** | **1.645.528** |
| **Inventories** | | **53.387** | **51.544** | **0** | **0** |
| Trade receivables | | 458.832 | 418.850 | 0 | 0 |
| Receivables from group enterprises | | 0 | 0 | 1.398.929 | 24.186 |
| Other receivables | | 12.425 | 11.110 | 0 | 0 |
| Deferred tax asset | | 0 | 3 | 0 | 0 |
| Corporation tax | | 38 | 0 | 0 | 0 |
| Prepayments | 9 | 38.133 | 15.269 | 0 | 0 |
| **Receivables** | | **509.428** | **445.232** | **1.398.929** | **24.186** |
| **Current asset investments** | | **0** | **19** | **0** | **0** |
| **Cash at bank and in hand** | | **251.178** | **397.480** | **56** | **1.554** |
| **Currents assets** | | **813.993** | **894.275** | **1.398.985** | **25.740** |
| **Assets** | | **3.337.964** | **3.674.754** | **3.036.161** | **1.671.268** |

# Balance Sheet 31 December

## Liabilities and equity

| | Note | Group 2018 | Group 2017 | Parent 2018 | Parent 2017 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Share capital | | 216.883 | 205.662 | 216.883 | 205.662 |
| Reserve for development costs | | 23.726 | 0 | 23.726 | 0 |
| Retained earnings | | 1.604.564 | 1.465.126 | 1.604.564 | 1.465.126 |
| **Equity attributable to shareholders of the Parent Company** | | **1.845.173** | **1.670.788** | **1.845.173** | **1.670.788** |
| Minority interests | | 551 | 458 | 0 | 0 |
| **Equity** | 10 | **1.845.724** | **1.671.246** | **1.845.173** | **1.670.788** |
| Other provisions | 12 | 7.883 | 6.679 | 0 | 0 |
| **Provisions** | | **7.883** | **6.679** | **0** | **0** |
| Credit institutions | | 0 | 1.334.564 | 0 | 0 |
| **Long-term debt** | 13 | **0** | **1.334.564** | **0** | **0** |
| Credit institutions | 13 | 0 | 73.424 | 0 | 0 |
| Trade payables | | 462.527 | 446.364 | 0 | 0 |
| Payables to group enterprises | | 932.356 | 0 | 1.190.930 | 421 |
| Corporation tax | | 1.522 | 2.060 | 0 | 0 |
| Other payables | | 72.870 | 98.756 | 58 | 59 |
| Deferred income | 14 | 15.082 | 41.661 | 0 | 0 |
| **Short-term debt** | | **1.484.357** | **662.265** | **1.190.988** | **480** |
| **Debt** | | **1.484.357** | **1.996.829** | **1.190.988** | **480** |
| **Liabilities and equity** | | **3.337.964** | **3.674.754** | **3.036.161** | **1.671.268** |

| | |
|---|---|
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# Statement of Changes in Equity

## Group

| | Share capital | Share premium account | Reserve for development costs | Retained earnings | Equity excl. minority interests | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 January | 205.662 | 0 | 23.145 | 1.441.981 | 1.670.788 | 458 | 1.671.246 |
| Exchange adjustments | 0 | 0 | 0 | 36 | 36 | 0 | 36 |
| Cash capital increase | 11.221 | 171.232 | 0 | 0 | 182.453 | 0 | 182.453 |
| Ordinary dividend paid | 0 | 0 | 0 | 0 | 0 | -204 | -204 |
| Other equity movements | 0 | 0 | 0 | 17.794 | 17.794 | 36 | 17.830 |
| Development costs for the year | 0 | 0 | 581 | 0 | 581 | 0 | 581 |
| Net profit/loss for the year | 0 | 0 | 0 | -26.479 | -26.479 | 261 | -26.218 |
| Transfer from share premium account | 0 | -171.232 | 0 | 171.232 | 0 | 0 | 0 |
| **Equity at 31 December** | **216.883** | **0** | **23.726** | **1.604.564** | **1.845.173** | **551** | **1.845.724** |

## Parent

| | Share capital | Share premium account | Reserve for development costs | Retained earnings | Equity excl. minority interests | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| Equity at 1 January | 205.662 | 0 | 23.145 | 1.441.981 | 1.670.788 | 0 | 1.670.788 |
| Cash capital increase | 11.221 | 171.232 | 0 | 0 | 182.453 | 0 | 182.453 |
| Other equity movements | 0 | 0 | 0 | 17.830 | 17.830 | 0 | 17.830 |
| Development costs for the year | 0 | 0 | 581 | 0 | 581 | 0 | 581 |
| Net profit/loss for the year | 0 | 0 | 0 | -26.479 | -26.479 | 0 | -26.479 |
| Transfer from share premium account | 0 | -171.232 | 0 | 171.232 | 0 | 0 | 0 |
| **Equity at 31 December** | **216.883** | **0** | **23.726** | **1.604.564** | **1.845.173** | **0** | **1.845.173** |

# Cash Flow Statement 1 January - 31 December

| | Note | Group 2018 | Group 2017 |
|---|---|---|---|
| | | TDKK | TDKK |
| Net profit/loss for the year | | -25.898 | -55.286 |
| Adjustments | 15 | 406.011 | 377.215 |
| Change in working capital | 16 | -102.306 | 115.214 |
| **Cash flows from operating activities before financial income and expenses** | | **277.807** | **437.143** |
| Financial income | | 932 | 5.866 |
| Financial expenses | | -76.919 | -93.215 |
| **Cash flows from ordinary activities** | | **201.820** | **349.794** |
| Corporation tax paid | | -3.761 | -4.049 |
| **Cash flows from operating activities** | | **198.059** | **345.745** |
| Purchase of intangible assets | | -14.568 | -27.738 |
| Purchase of property, plant and equipment | | -2.808 | -1.872 |
| Fixed asset investments made etc | | -217 | -804 |
| Sale of property, plant and equipment | | 129 | 322 |
| Sale of fixed asset investments etc | | 0 | 18 |
| **Cash flows from investing activities** | | **-17.464** | **-30.074** |
| Repayment of loans from credit institutions | | -1.441.521 | -265.609 |
| increase of payablesto group enterprises | | 932.356 | 0 |
| Cash capital increase | | 182.453 | 0 |
| Dividend paid, minority interest | | -204 | -1.112 |
| **Cash flows from financing activities** | | **-326.916** | **-266.721** |
| **Change in cash and cash equivalents** | | **-146.321** | **48.950** |
| Cash and cash equivalents at 1 January | | 397.499 | 348.549 |
| **Cash and cash equivalents at 31 December** | | **251.178** | **397.499** |
| Cash and cash equivalents are specified as follows: | | | |
| Cash at bank and in hand | | 251.178 | 397.499 |
| Current asset investments | | 0 | 0 |
| **Cash and cash equivalents at 31 December** | | **251.178** | **397.499** |

# Notes to the Financial Statements

## 1 Revenue

The Groups activity comprises international goods transports within the business activities 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.

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| **Geographical markets** | | |
| Northern Europe | 83% | 78% |
| The Mediteranean | 17% | 22% |
| | **100%** | **100%** |
| **Business activities** | | |
| Feeder Service | 71% | 75% |
| Shortsea Service | 29% | 25% |
| | **100%** | **100%** |

# Notes to the Financial Statements

## 2 Administrative expenses

| | Group 2018 | Group 2017 |
|---|---|---|
| | TDKK | TDKK |
| Wages and Salaries | 163.022 | 154.830 |
| Pensions | 6.754 | 7.153 |
| Other social security expenses | 13.752 | 10.270 |
| Remuneration to the Executive Board and the Board of Directors* | 1.146 | 2.829 |
| | **184.674** | **175.082** |
| **Average number of employees** | **407** | **414** |

The warrent program for Executive Board and Board of Directors, have been terminated in december 2018. There have been no cost to the warrent program in 2018.

As at 31 December 2017 the Executive Board and the Board of Directors had bought warrants amounting to 2.3% of the shares in the Danish Group controlled by Nordic Capital Fund VIII. The warrrants were issued at market price at the date of issue and as a result, cost of the warrants were not included in the income statement of the company. The value of the warrants was effected by the development in EBITDA and the agreed hurdle rate.

## 3 Tax on profit/loss for the year

| | Group | | Parent | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | TDKK | TDKK | TDKK | TDKK |
| Current tax for the year | 3.215 | 3.841 | 0 | 0 |
| Deferred tax for the year | -5 | 0 | 0 | 0 |
| Adjustment of tax concerning previous years | -83 | 57 | -15 | -7 |
| | **3.127** | **3.898** | **-15** | **-7** |

# Notes to the Financial Statements

## 4 Intangible assets

**Group**

| | Software | Goodwill |
|---|---|---|
| | TDKK | TDKK |
| Cost at 1 January | 64.249 | 3.884.194 |
| Additions for the year | 14.568 | 0 |
| Disposals for the year | -490 | 0 |
| Cost at 31 December | 78.327 | 3.884.194 |
| Impairment losses and amortisation at 1 January | 41.104 | 1.134.963 |
| Amortisation for the year | 13.987 | 257.135 |
| Reversal of amortisation of disposals for the year | -490 | 0 |
| Impairment losses and amortisation at 31 December | 54.601 | 1.392.098 |
| **Carrying amount at 31 December** | **23.726** | **2.492.096** |

# Notes to the Financial Statements

## 5 Property, plant and equipment

**Group**

| | Other fixtures and fittings, tools and equipment | Building on leased land |
|---|---|---|
| | TDKK | TDKK |
| Cost at 1 January | 26.556 | 17.186 |
| Exchange adjustment | -152 | 0 |
| Additions for the year | 2.808 | 0 |
| Disposals for the year | -8.065 | 0 |
| Transfers for the year | 111 | 0 |
| Cost at 31 December | 21.258 | 17.186 |
| Impairment losses and depreciation at 1 January | 20.301 | 17.186 |
| Exchange adjustment | -194 | 0 |
| Depreciation for the year | 2.871 | 0 |
| Reversal of depreciation of disposals for the year | -7.936 | 0 |
| Transfers for the year | 112 | 0 |
| Impairment losses and depreciation at 31 December | 15.154 | 17.186 |
| **Carrying amount at 31 December** | **6.104** | **0** |

# Notes to the Financial Statements

| | Parent | |
|---|---|---|
| | 2018 | 2017 |
| | TDKK | TDKK |

## 6 Investments in subsidiaries

| | 2018 TDKK | 2017 TDKK |
|---|---|---|
| Cost at 1 January | 2.034.409 | 2.039.013 |
| Exchange adjustment | 4.604 | -4.604 |
| Cost at 31 December | 2.039.013 | 2.034.409 |
| Value adjustments at 1 January | -388.881 | -333.745 |
| Exchange adjustment | 81 | 0 |
| Net profit/loss for the year | -26.183 | -55.136 |
| Dividend to the Parent Company | 13.146 | 0 |
| Value adjustments at 31 December | -401.837 | -388.881 |
| **Carrying amount at 31 December** | **1.637.176** | **1.645.528** |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and 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% |
| Unimed Feeder Services A/S | Denmark | 100% |
| Swan Ship Co. | Marshall Islands | 100% |
| IMCL Holdings Ltd. | Cyprus | 100% |
| Unifeeder General Partner ApS in liquidation | Denmark | 100% |
| Feeder Shipping Agencies (Holding) Limited | Marshall Islands | 100% |
| FSA Cyprus | Cyprus | 100% |

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

# Notes to the Financial Statements

## 7 Investments in associates

| | Group 2018 | Group 2017 |
|---|---|---|
| | TDKK | TDKK |
| Cost at 1 January | 1.153 | 1.310 |
| Exchange adjustment | 58 | -157 |
| Transfers for the year | 53 | 0 |
| Cost at 31 December | 1.264 | 1.153 |
| Value adjustments at 1 January | -711 | -808 |
| Exchange adjustment | -36 | 97 |
| Transfers for the year | -9 | 0 |
| Value adjustments at 31 December | -756 | -711 |
| **Carrying amount at 31 December** | **508** | **442** |

Investments in associates are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Baltic Operational JV ApS | Denmark | 66% |
| Interegypt Co. in liquidation | Egypt | 55% |

## 8 Other fixed asset investments

| | Group Deposits |
|---|---|
| | TDKK |
| Cost at 1 January | 1.405 |
| Exchange adjustment | -85 |
| Additions for the year | 217 |
| Cost at 31 December | 1.537 |
| **Carrying amount at 31 December** | **1.537** |

## 9 Prepayments

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

# Notes to the Financial Statements

## 10 Equity

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.

| | Group | | Parent | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | TDKK | TDKK | TDKK | TDKK |
| **11 Distribution of profit** | | | | |
| Other statutory reserves | 581 | 0 | 581 | 0 |
| Minority interests' share of net profit/loss of subsidiaries | 262 | 112 | 0 | 0 |
| Retained earnings | -26.479 | -55.286 | -26.479 | -55.286 |
| | **-25.636** | **-55.174** | **-25.898** | **-55.286** |

## 12 Other provisions

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

## 13 Long-term debt

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

The debt falls due for payment as specified below:

| | Group | | Parent | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | TDKK | TDKK | TDKK | TDKK |
| **Credit institutions** | | | | |
| Between 1 and 5 years | 0 | 1.334.564 | 0 | 0 |
| Long-term part | 0 | 1.334.564 | 0 | 0 |
| Other short-term debt to credit institutions | 0 | 73.424 | 0 | 0 |
| | **0** | **1.407.988** | **0** | **0** |

# Notes to the Financial Statements

## 14 Deferred income

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

## 15 Cash flow statement - adjustments

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| | TDKK | TDKK |
| Financial income | -932 | -5.866 |
| Financial expenses | 110.452 | 117.482 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 273.995 | 269.347 |
| Tax on profit/loss for the year | 3.127 | 3.898 |
| Other adjustments | 19.369 | -7.646 |
| | **406.011** | **377.215** |

## 16 Cash flow statement - change in working capital

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| | TDKK | TDKK |
| Change in bunker inventories | -1.843 | -10.547 |
| Change in receivables | -64.161 | 45.060 |
| Change in other provisions | 0 | -12.977 |
| Change in short-term debt | -36.302 | 93.678 |
| | **-102.306** | **115.214** |

## 17 Contingent assets, liabilities and other financial obligations

**Rental and lease obligations**

At the balance sheet date the Group's rent obligations amount to DKK 29.2m.
The Group's leasing obligation at the balance sheet date amounts to DKK 5.6m.

**Other contingent liabilities**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | TDKK | TDKK | TDKK | TDKK |

## 17 Contingent assets, liabilities and other financial obligations (continued)

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.

The Group currently enters into contracts for charter of vessels for periods of up to 5 years. The charter obligation amounts to DKK 360.4m at 31 December 2018.

At the balance sheet date the Group's issued garantees amount to DKK 0.8m.

## 18 Related parties transactions

The Company have not disclosed transaction with fully owned subsidiaries in accordance with section 98 (c)(3).

The Company have no transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

## 19 Fee to auditors appointed at the general meeting

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| | TDKK | TDKK |
| **PricewaterhouseCoopers** | | |
| Audit fee | 899 | 1.014 |
| Other assurance services | 85 | 133 |
| Tax advisory services | 791 | 415 |
| Non-audit services | 1.349 | 951 |
| | **3.124** | **2.513** |

## 20 Subsequent events

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

# Notes to the Financial Statements

## 21 Accounting Policies

The Annual Report of Holdingselskabet af 10. Januar 2013 II A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Company have pre-implemented the change in the Danish Financial Statements Act as of 20. december 2018 to § 99 b regarding "target figures" for the underrepresented sex for the Group. The change have no effect on profit/loss or equity. The accounting policies applied besides the mentioned, have remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018 are 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 Company, and the value of the asset can be measured reliably.

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

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

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

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

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

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

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

**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. The Company is included in the Group Annual Report of the Parent Company, DP World Investments B.V. (Rotterdam, Netherlands) and for the ultimate parent company Dubai World  Corporation (Dubai, United Arab Emirates). Financial-reports/annual-report can be found online at, www.dpworld.com/investors/financials-and-Presentations/financial-reports/annual-reports. The following enterprises exercise control as parent companies pursuant to section 98c(5) of the Danish Financial Statements Act: DP World Investments B.V. (Rotterdam, Netherlands), DP World Ports Cooperatieve (Rotterdam, Netherland), DP World FZE, Thunder FZE (Dubai, United Arab Emirates), DP World PLC, Port & Free Zone World FZE (Dubai, United Arab Emirates) and Dubai World Corporation( ultimate parent company), (Dubai, United Arab Emirates).

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

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

On acquisition of subsidiaries 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 valne of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

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

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

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

**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 remeasurement of acquired assets and liabilities to fair valne 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 valne of the leased asset if available. Alternatively, and if lower, the net present value of the future lease payments at the time of acquisition is applied computed by applying the interest rate implicit in the lease or an approximated value as the discount rate.

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

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

**Translation policies**

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

**21 Accounting Policies** (continued)

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

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 ”Other payables”, respectively.

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

### Hedge accounting

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

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

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

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

## Income Statement

**Revenue**

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

**Cost of sales**

Cost of sales comprises costs incurred to achieve revenue for the year. 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 main activities of the Groupitems 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.

**Company tax and deferred tax**

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

The 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 Ton-nage 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,

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

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).

# 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 theenterprises 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:

| | |
|---|---|
| Building on leased land | 20 years |
| Other fixtures and fittings, | |

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

| | |
|---|---|
| tools and equipment | 5 years |
| Leasehold improvements | 5 years |

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

**Impairment of fixed assets**

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

The recoverable amount of the asset is calculated as the higher of net selling price and valne 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 valne in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impaiment 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 valne of positive differences (goodwill) and deduction of any remaining valne 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 the subsidiaries and the 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

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

selling price or the winding-up proceeds and the carrying amount of net assets at the time of sale and expected expenses for sale or winding-up. The profit or loss is recognised in the income statement.

### Bunker Inventories

Bunker inventories comprise inventories for use on chartered vessels. The inventories are meas-ured at average prices.

### Receivables

Receivables are measured in the balance sheet at the lower of nominal valne 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 Group 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 i year are classified under short-term debt.

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

**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.

# 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 to and from shareholders.

**Cash and cash equivalents**

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

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

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

## Financial Highlights

**Explanation of financial ratios**

| | |
|---|---|
| Profit margin | $\frac{\text{Profit before financials x 100}}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit before financials x 100}}{\text{Total assets}}$ |
| Return on equity | $\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$ |
| Liquidity ratio | $\frac{\text{Current assets x 100}}{\text{Short - term debt}}$ |
| Solvency ratio | $\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$ |