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# ***Maersk Broker Bulk Chartering A/S***

Midtermolen 1, DK-2100 Copenhagen Ø

## **Annual Report for 1 January - 31 December 2018**

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CVR No 37 37 14 75

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
21/5 2019

Niels Helsted  
Chairman of the General  
Meeting



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Maersk Broker Bulk Chartering 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.

Copenhagen, 21 May 2019

## Executive Board

Frank Mortensen

## Board of Directors

Anders Hald  
Chairman

Henrik Franck

Claus Riis Plougmand

Claes Devantier

Thomas Busk Stahl

Bjarne Wium-Ullerichs

Anders Boye

Frank Mortensen

# Independent Auditor's Report

To the Shareholders of Maersk Broker Bulk Chartering 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 Maersk Broker Bulk Chartering 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.

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.

# Independent Auditor's Report

## 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.
- 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

## Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 21 May 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Thomas Wraae Holm  
statsautoriseret revisor  
mne30141

Tommy Borggaard Nielsen  
statsautoriseret revisor  
mne34340

## **Company Information**

### **The Company**

Maersk Broker Bulk Chartering A/S  
Midtermolen 1  
DK-2100 Copenhagen Ø

CVR No: 37 37 14 75  
Financial period: 1 January - 31 December  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Anders Hald, Chairman  
Henrik Franck  
Claus Riis Plougmand  
Claes Devantier  
Thomas Busk Stahl  
Bjarne Wium-Ullerichs  
Anders Boye  
Frank Mortensen

### **Executive Board**

Frank Mortensen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

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

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>Key figures</b>		
<b>Profit/loss</b>		
Revenue	104,327	29,376
Gross profit/loss	69,654	16,201
Profit/loss before financial income and expenses	-6,587	-6,296
Net financials	-2,832	1,089
Net profit/loss for the year	-4,816	-4,734
<b>Balance sheet</b>		
Balance sheet total	88,145	28,262
Equity	-12,215	-7,317
<b>Cash flows</b>		
Cash flows from:		
- investing activities	-21,495	-2,753
Number of employees	63	17
<b>Ratios</b>		
Gross margin	66.8%	55.2%
Profit margin	-6.3%	-21.4%

2018 includes Maersk Broker Bulk Chartering Asia Ltd. which was acquired on 1 January 2018.



# Management's Review

## Key activities

Maersk Broker Bulk Chartering Group's activities has included ship broking in particular bulk chartering ship broking activities.

## Development in the year

The income statement of the Group for 2018 shows a loss of TDKK 4,816, and at 31 December 2018 the balance sheet of the Group shows negative equity of TDKK 12,215.

The Group significantly increased the turnover in 2018. The increase was driven by the acquisition of the Maersk Broker Asia Limited's bulk chartering activities by 1st of January 2018 and business growth in the rest of the world. The result before net financials was in line with the result for 2017 and our expectations. For 2019 we expect a result before net financials and acquisitions to improve.

## Capital resources

The Company has lost its share capital. Equity is negative by DKK 12.2 million. Management expects to recover the negative equity through improved earnings and/or potentially by a capital increase. The ultimate parent company Maersk Broker K/S has provided a letter of support until 31 December 2019.

## Subsequent events

Maersk Broker Bulk Chartering A/S (Danmark) has by 1st January 2019 acquired Wonsild Dry ApS (Danmark) as well invested in a minority share in Naodan Chartering Inc. (USA) including an agreement of full acquisition by 2024. The acquisition of Wonsild will have a positive impact on the turnover and result for 2019.

## Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2018 TDKK	2017 TDKK	2018 TDKK	2017 TDKK
<b>Revenue</b>		<b>104,327</b>	<b>29,376</b>	<b>32,611</b>	<b>28,443</b>
Other external expenses		-34,673	-13,175	-14,584	-12,870
<b>Gross profit/loss</b>		<b>69,654</b>	<b>16,201</b>	<b>18,027</b>	<b>15,573</b>
Staff expenses	2	-59,755	-20,598	-22,873	-19,495
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-16,486	-1,899	-1,476	-1,899
<b>Profit/loss before financial income and expenses</b>		<b>-6,587</b>	<b>-6,296</b>	<b>-6,322</b>	<b>-5,821</b>
Income from investments in subsidiaries		0	0	-378	0
Income from investments in associates		0	0	1,340	-507
Financial income	3	41	2,697	33	2,676
Financial expenses	4	-2,873	-1,608	-2,682	-1,555
<b>Profit/loss before tax</b>		<b>-9,419</b>	<b>-5,207</b>	<b>-8,009</b>	<b>-5,207</b>
Tax on profit/loss for the year	5	4,603	473	3,193	473
<b>Net profit/loss for the year</b>		<b>-4,816</b>	<b>-4,734</b>	<b>-4,816</b>	<b>-4,734</b>

# Balance Sheet 31 December

## Assets

	Note	Group		Parent Company	
		2018 TDKK	2017 TDKK	2018 TDKK	2017 TDKK
Acquired other rights		16,220	3,865	2,536	3,865
Goodwill		2,257	0	0	0
<b>Intangible assets</b>	6	<b>18,477</b>	<b>3,865</b>	<b>2,536</b>	<b>3,865</b>
Investments in subsidiaries	7	0	0	26,499	0
Investments in associates	8	0	0	1,658	316
Deposits		0	27	0	27
<b>Fixed asset investments</b>		<b>0</b>	<b>27</b>	<b>28,157</b>	<b>343</b>
<b>Fixed assets</b>		<b>18,477</b>	<b>3,892</b>	<b>30,693</b>	<b>4,208</b>
Trade receivables		27,551	7,008	5,870	6,730
Receivables from group enterprises		168	2,171	154	2,151
Other receivables	13	1,416	517	1,184	494
Deferred tax asset	11	3,181	0	3,100	0
Corporation tax		89	0	0	0
Corporation tax receivable from group enterprises		567	473	567	473
Prepayments	9	7,401	9,796	7,019	9,779
<b>Receivables</b>		<b>40,373</b>	<b>19,965</b>	<b>17,894</b>	<b>19,627</b>
<b>Cash at bank and in hand</b>		<b>29,295</b>	<b>4,405</b>	<b>2,127</b>	<b>4,173</b>
<b>Currents assets</b>		<b>69,668</b>	<b>24,370</b>	<b>20,021</b>	<b>23,800</b>
<b>Assets</b>		<b>88,145</b>	<b>28,262</b>	<b>50,714</b>	<b>28,008</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent Company	
		2018 TDKK	2017 TDKK	2018 TDKK	2017 TDKK
Share capital		1,000	1,000	1,000	1,000
Reserve for net revaluation under the equity method		0	0	713	0
Retained earnings		-13,215	-8,317	-13,928	-8,317
<b>Equity</b>		<b>-12,215</b>	<b>-7,317</b>	<b>-12,215</b>	<b>-7,317</b>
Payables to group enterprises		39,042	21,740	22,480	21,740
<b>Long-term debt</b>	12	<b>39,042</b>	<b>21,740</b>	<b>22,480</b>	<b>21,740</b>
Credit institutions		21,828	0	21,828	0
Trade payables		3,160	111	2,629	89
Payables to group enterprises	12	17,830	9,747	11,305	9,659
Corporation tax		2,849	0	0	0
Other payables		15,651	3,981	4,687	3,837
<b>Short-term debt</b>		<b>61,318</b>	<b>13,839</b>	<b>40,449</b>	<b>13,585</b>
<b>Debt</b>		<b>100,360</b>	<b>35,579</b>	<b>62,929</b>	<b>35,325</b>
<b>Liabilities and equity</b>		<b>88,145</b>	<b>28,262</b>	<b>50,714</b>	<b>28,008</b>
Going concern	1				
Subsequent events	18				
Distribution of profit	10				
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## Statement of Changes in Equity

### Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	0	-8,317	-7,317
Exchange adjustments relating to foreign entities	0	0	258	258
Fair value adjustment of hedging instruments, end of year	0	0	-340	-340
Net profit/loss for the year	0	0	-4,816	-4,816
<b>Equity at 31 December</b>	<b>1,000</b>	<b>0</b>	<b>-13,215</b>	<b>-12,215</b>

### Parent Company

Equity at 1 January	1,000	0	-8,317	-7,317
Exchange adjustments relating to foreign entities	0	0	258	258
Fair value adjustment of hedging instruments, end of year	0	0	-340	-340
Net profit/loss for the year	0	713	-5,529	-4,816
<b>Equity at 31 December</b>	<b>1,000</b>	<b>713</b>	<b>-13,928</b>	<b>-12,215</b>

## Cash Flow Statement 1 January - 31 December

	Note	Group	
		2018 TDKK	2017 TDKK
Net profit/loss for the year		-4,816	-4,734
Adjustments	14	13,868	616
Change in working capital	15	7,193	5,145
<b>Cash flows from operating activities before financial income and expenses</b>		<b>16,245</b>	<b>1,027</b>
Financial income		41	49
Financial expenses		-942	-639
<b>Cash flows from ordinary activities</b>		<b>15,344</b>	<b>437</b>
Corporation tax paid		-1,164	0
<b>Cash flows from operating activities</b>		<b>14,180</b>	<b>437</b>
Purchase of intangible assets		0	-2,674
Business acquisition		-21,495	-79
<b>Cash flows from investing activities</b>		<b>-21,495</b>	<b>-2,753</b>
Raising of loans from credit institutions		21,828	0
Raising of loans from group enterprises		10,435	589
<b>Cash flows from financing activities</b>		<b>32,263</b>	<b>589</b>
<b>Change in cash and cash equivalents</b>		<b>24,948</b>	<b>-1,727</b>
Cash and cash equivalents at 1 January		4,405	6,514
Exchange adjustment of current asset investments		-58	-382
<b>Cash and cash equivalents at 31 December</b>		<b>29,295</b>	<b>4,405</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		29,295	4,405
<b>Cash and cash equivalents at 31 December</b>		<b>29,295</b>	<b>4,405</b>

# Notes to the Financial Statements

## 1 Going concern

The Company has lost its share capital. Equity is negative by DKK 12.2 million. Management expects to recover the negative equity through improved earnings and/or potentially by a capital increase. The ultimate parent company Maersk Broker K/S has provided a letter of support until 31 December 2019.

	Group		Parent Company	
	2018 TDKK	2017 TDKK	2018 TDKK	2017 TDKK
<b>2 Staff expenses</b>				
Wages and salaries	50,324	18,541	20,108	17,607
Pensions	2,618	273	309	273
Other social security expenses	1,537	243	101	74
Other staff expenses	5,276	1,541	2,355	1,541
	<b>59,755</b>	<b>20,598</b>	<b>22,873</b>	<b>19,495</b>
<b>Average number of employees</b>	<b>63</b>	<b>17</b>	<b>15</b>	<b>13</b>

The total management remuneration to the Executive Board and Board of Directors for the Parent Company and Group amounts to DKK 2,399k (2017: DKK 2,132k) for their management function in the Company. Where remuneration is paid by other companies in the Maersk Broker Group, the amount includes part of the group management fee paid to the Maersk Broker Group..

## 3 Financial income

Exchange gain from group enterprises	0	2,648	0	2,648
Other financial income	41	49	33	28
	<b>41</b>	<b>2,697</b>	<b>33</b>	<b>2,676</b>

## 4 Financial expenses

Interest paid to group enterprises	866	563	621	563
Other financial expenses	75	75	75	22
Exchange loss	1,932	970	1,986	970
	<b>2,873</b>	<b>1,608</b>	<b>2,682</b>	<b>1,555</b>

## Notes to the Financial Statements

5 Tax on profit/loss for the year	Group		Parent Company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	2,906	-473	-93	-473
Deferred tax for the year	-7,509	0	-3,100	0
	<b>-4,603</b>	<b>-473</b>	<b>-3,193</b>	<b>-473</b>

## 6 Intangible assets

### Group

	Acquired other rights	Goodwill
	TDKK	TDKK
Cost at 1 January	7,198	0
Additions for the year	26,568	4,383
Cost at 31 December	33,766	4,383
Impairment losses and amortisation at 1 January	3,333	0
Exchange adjustment	-147	0
Amortisation for the year	14,360	2,126
Impairment losses and amortisation at 31 December	17,546	2,126
<b>Carrying amount at 31 December</b>	<b>16,220</b>	<b>2,257</b>

### Parent Company

	Acquired other rights
	TDKK
Cost at 1 January	7,198
Cost at 31 December	7,198
Impairment losses and amortisation at 1 January	3,333
Exchange adjustment	-147
Amortisation for the year	1,476
Impairment losses and amortisation at 31 December	4,662
<b>Carrying amount at 31 December</b>	<b>2,536</b>



## Notes to the Financial Statements

	Parent Company	
	2018	2017
	TDKK	TDKK
<b>7 Investments in subsidiaries</b>		
Cost at 1 January	0	0
Additions for the year	26,621	0
Cost at 31 December	26,621	0
Value adjustments at 1 January	0	0
Exchange adjustment	256	0
Net profit/loss for the year	12,506	0
Amortisation of intangible assets, net of tax	-12,884	0
Value adjustments at 31 December	-122	0
<b>Carrying amount at 31 December</b>	<b>26,499</b>	<b>0</b>
Positive differences arising on initial measurement of subsidiaries at net asset value	4,383	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Maersk Broker Bulk Chartering Asia Ltd.	Hong Kong	HKD 250k	100%

	Parent Company	
	2018	2017
	TDKK	TDKK
<b>8 Investments in associates</b>		
Cost at 1 January	823	0
Additions for the year	0	823
Cost at 31 December	823	823
Value adjustments at 1 January	-507	0
Exchange adjustment	2	0
Net profit/loss for the year	1,340	-507
Value adjustments at 31 December	835	-507
<b>Carrying amount at 31 December</b>	<b>1,658</b>	<b>316</b>

## Notes to the Financial Statements

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Maersk Broker Albis Bulk Chartering GmbH	Germany	EUR 372k	50%

### 9 Prepayments

Prepayments consist of prepaid expenses, of which DKK 2.2 million will be expensed in 2020 or later.

### 10 Distribution of profit

	Parent Company	
	2018	2017
	TDKK	TDKK
Reserve for net revaluation under the equity method	713	0
Retained earnings	-5,529	-4,734
	<b>-4,816</b>	<b>-4,734</b>

### 11 Deferred tax asset

The Company's and the Group's deferred tax asset relates mainly to tax losses in Maersk Broker Bulk Chartering A/S. Based on available market data for future freight rates management expects further increases in commission income in the next 3-5 years which will further improve taxable earnings.

# Notes to the Financial Statements

## 12 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent Company	
	2018 TDKK	2017 TDKK	2018 TDKK	2017 TDKK
<b>Payables to group enterprises</b>				
Between 1 and 5 years	39,042	21,740	22,480	21,740
Long-term part	39,042	21,740	22,480	21,740
Within 1 year	972	1,450	972	1,450
Other short-term debt to group enterprises	16,858	8,297	10,333	8,209
Short-term part	17,830	9,747	11,305	9,659
	<b>56,872</b>	<b>31,487</b>	<b>33,785</b>	<b>31,399</b>

## 13 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts to hedge future revenue have been concluded with notional of USD 0.0 million (31 December 2017: USD 0.5 million). At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent Company	
	2018 TDKK	2017 TDKK	2018 TDKK	2017 TDKK
Assets	0	340	0	340

## Notes to the Financial Statements

	<b>Group</b>	
	2018 TDKK	2017 TDKK
<b>14 Cash flow statement - adjustments</b>		
Financial income	-41	-2,697
Financial expenses	2,873	1,608
Depreciation, amortisation and impairment losses, including losses and gains on sales	16,486	1,899
Tax on profit/loss for the year	-4,603	-473
Other adjustments	-847	279
	<b>13,868</b>	<b>616</b>
<b>15 Cash flow statement - change in working capital</b>		
Change in receivables	-2,977	-3,860
Change in trade payables, etc	10,510	8,665
Fair value adjustments of hedging instruments	-340	340
	<b>7,193</b>	<b>5,145</b>

## 16 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The Danish group companies under Maersk Broker Holding A/S are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Maersk Broker Holding A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 17 Related parties

The Company and Group is included in the consolidated report for the ultimate parent company:

Name	Place of registered office
Maersk Broker K/S	Midtermolen 1 2100 Copenhagen Ø

# Notes to the Financial Statements

## 18 Subsequent events

The group has acquired the shares in Wonsild Dry ApS with effect 1 January 2019 by share exchange. In this connection the share capital increased by DKK 217,500.

Furthermore, the Group has acquired a non-controlling interest in Naodan Chartering Inc (USA) and agreed to acquire remaining shares up until 2024.

# Notes to the Financial Statements

## 19 Accounting Policies

The Annual Report of Maersk Broker Bulk Chartering A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018 are presented in TDKK. For 2018, the Company presents consolidated financial statements, cf. "Basis of consolidation" below.

### Recognition and measurement

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

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

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

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

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Maersk Broker Bulk Chartering 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. Enterprises under common control (joint ventures) are included in the consolidated financial statements pro rata.

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.

# Notes to the Financial Statements

## 19 Accounting Policies (continued)

### **Business combinations**

#### ***Acquisitions***

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement over its estimated useful life as the underlying revenue is realised (up to 8 years). Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

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. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in “Amortisation, depreciation and impairment losses”.

### **Translation policies**

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

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

# Notes to the Financial Statements

## 19 Accounting Policies (continued)

### 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 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.

## Income Statement

### Revenue

Revenue from commission income is recognised when the risks and rewards have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Other external expenses

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

### Staff expenses

Staff expenses comprise salaries, pensions as well as other payroll expenses.



# Notes to the Financial Statements

## 19 Accounting Policies (continued)

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets.

### **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 are recognised in the income statement at the amounts relating to the financial year.

### **Tax on profit/loss for the year**

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

The Company is jointly taxed with other Danish entities owned by Maersk Broker Holding A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## **Balance Sheet**

### **Intangible assets**

Acquired rights are measured at the lower of cost less accumulated amortisation and impairments to recoverable amount. Acquired rights are amortised as the underlying revenue from acquired customer contracts is realised; however not exceeding 5-8 years.

### **Impairment of fixed assets**

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

### **Investments in subsidiaries and associates**

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

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the

# Notes to the Financial Statements

## 19 Accounting Policies (continued)

proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

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

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and prepaid employee cost for future accounting periods.

### Deferred tax assets and liabilities

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

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

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

# Notes to the Financial Statements

## 19 Accounting Policies (continued)

### **Current tax receivables and liabilities**

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

### **Financial debts**

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

## **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.

### **Cash flows from operating activities**

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

### **Cash flows from investing activities**

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

### **Cash flows from financing activities**

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### **Cash and cash equivalents**

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

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