Maersk Broker Bulk Chartering A/S

Midtermolen 1, DK-2100 Copenhagen Ø

Annual Report for 1 January - 31 December 2019

CVR No 37 37 14 75

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 27/05 2020

Niels Helsted
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 Maersk Broker Bulk Chartering A/S for the financial year 1 January - 31 December 2019.

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

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

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

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

Copenhagen, 30 March 2020

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Maersk Broker Bulk Chartering A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (”the Financial Statements”).

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

Statement on Management’s Review
Management is responsible for Management’s Review.

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

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

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

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

Thomas Wraae Holm
statsautoriseret revisor
mne30141

Stine Tage Gedbjerg
statsautoriseret revisor
mne42823

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 three-year period, the development of the Group is described by the following financial highlights:

	Group		
	2019	2018	2017
	TDKK	TDKK	TDKK
Key figures			
Profit/loss			
Revenue	129,362	104,327	29,376
Gross profit/loss	88,439	69,654	16,201
Profit/loss before financial income and expenses	-2,126	-6,587	-6,296
Net financials	-2,828	-2,832	1,089
Net profit/loss for the year	-8,813	-4,816	-4,734
Balance sheet			
Balance sheet total	112,039	88,145	28,262
Equity	-5,065	-12,215	-7,317
Cash flows			
Cash flows from:			
- investing activities	6,516	-21,495	-2,753
including investment in property, pant and equipment	0	0	0
Number of employees	83	63	17
Ratios			
Gross margin	68.4%	66.8%	55.2%
Profit margin	-1.6%	-6.3%	-21.4%

2018 and 2019 includes Maersk Broker Bulk Chartering Asia Ltd. which was acquired on 1 January 2018.
2019 includes Wonsild Dry ApS and Maersk Broker America Ltd. which was acquired on 1 January 2019.

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 Group increased the turnover in 2019 compared to 2018. The result before net financials and acquisitions is in line with our expectations in Annual Report 2018.

Expectation for 2020

For 2020 we expect a result before net financials in line with 2019, although with a high degree of uncertainty due to possible consequences of Covid-19.

Capital resources

The Company has lost its share capital and equity is negative by DKK 5.1 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 2020.

External environment

Maersk Broker Bulk Chartering Group assumes its share of responsibility to help solve the challenges of the environment and climate, although the direct impact is considered to be limited.

Subsequent events

No events materially affecting the assessment of the Annual Report and the group’s financial position for 2019 have occurred after the balance sheet date. The expected result for 2020 is however subject to considerable uncertainty due to the possible consequences of Covid-19.

Income Statement 1 January - 31 December

	Note	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Revenue		**129,362**	**104,327**	**38,184**	**32,611**
Other external expenses		-40,923	-34,673	-16,042	-14,584
Gross profit/loss		**88,439**	**69,654**	**22,142**	**18,027**
Staff expenses	2	-75,786	-59,755	-30,812	-22,873
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-14,779	-16,486	-1,618	-1,476
Profit/loss before financial income and expenses		**-2,126**	**-6,587**	**-10,288**	**-6,322**
Income from investments in subsidiaries		0	0	2,914	-378
Income from investments in associates		-934	0	-201	1,340
Financial income	3	160	41	90	33
Financial expenses	4	-2,054	-2,873	-1,411	-2,682
Profit/loss before tax		**-4,954**	**-9,419**	**-8,896**	**-8,009**
Tax on profit/loss for the year	5	-3,859	4,603	83	3,193
Net profit/loss for the year		**-8,813**	**-4,816**	**-8,813**	**-4,816**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Acquired other rights		12,323	16,220	2,700	2,536
Goodwill		5,854	2,257	2,501	0
Intangible assets	6	**18,177**	**18,477**	**5,201**	**2,536**
Investments in subsidiaries	7	0	0	47,127	26,499
Investments in associates	8	2,102	0	1,084	1,658
Fixed asset investments		**2,102**	**0**	**48,211**	**28,157**
Fixed assets		**20,279**	**18,477**	**53,412**	**30,693**
Trade receivables		31,984	27,551	7,841	5,870
Receivables from group enterprises		670	168	1,162	154
Receivables from associates		492	0	0	0
Other receivables		3,186	1,416	1,251	1,184
Deferred tax asset	11	3,607	3,181	2,858	3,100
Corporation tax		32	89	0	0
Corporation tax receivable from group enterprises		83	567	83	567
Prepayments	9	4,288	7,401	3,763	7,019
Receivables		**44,342**	**40,373**	**16,958**	**17,894**
Cash at bank and in hand		**47,418**	**29,295**	**3,822**	**2,127**
Currents assets		**91,760**	**69,668**	**20,780**	**20,021**
Assets		**112,039**	**88,145**	**74,192**	**50,714**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
		TDKK	TDKK	TDKK	TDKK
Share capital		1,217	1,000	1,217	1,000
Reserve for net revaluation under the equity method		0	0	3,795	713
Retained earnings		-6,282	-13,215	-10,077	-13,928
Equity		**-5,065**	**-12,215**	**-5,065**	**-12,215**
Provisions relating to investments in group enterprises		0	0	1,587	0
Provisions		**0**	**0**	**1,587**	**0**
Payables to group enterprises		8,539	39,042	831	22,480
Other payables		650	0	650	0
Long-term debt	12	**9,189**	**39,042**	**1,481**	**22,480**
Credit institutions		24,599	21,828	24,599	21,828
Trade payables		1,332	3,160	557	2,629
Payables to group enterprises	12	64,716	17,830	45,689	11,305
Corporation tax		3,570	2,849	0	0
Other payables	12	13,698	15,651	5,344	4,687
Short-term debt		**107,915**	**61,318**	**76,189**	**40,449**
Debt		**117,104**	**100,360**	**77,670**	**62,929**
Liabilities and equity		**112,039**	**88,145**	**74,192**	**50,714**

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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	-13,215	-12,215
Capital increase through share exchange	217	0	15,004	15,221
Exchange adjustments relating to foreign entities	0	0	742	742
Net profit/loss for the year	0	0	-8,813	-8,813
Equity at 31 December	**1,217**	**0**	**-6,282**	**-5,065**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January	1,000	713	-13,928	-12,215
Capital increase through share exchange	217	0	15,004	15,221
Exchange adjustments relating to foreign entities	0	742	0	742
Dividend from group enterprises	0	-373	373	0
Net profit/loss for the year	0	2,713	-11,526	-8,813
Equity at 31 December	**1,217**	**3,795**	**-10,077**	**-5,065**

Cash Flow Statement 1 January - 31 December

	Note	Group 2019	Group 2018
		TDKK	TDKK
Net profit/loss for the year		-8,813	-4,816
Adjustments	16	22,228	13,868
Change in working capital	17	563	7,193
Cash flows from operating activities before financial income and expenses		**13,978**	**16,245**
Financial income		160	41
Financial expenses		-1,994	-942
Cash flows from ordinary activities before tax		**12,144**	**15,344**
Corporation tax paid		-1,669	-1,164
Cash flows from operating activities		**10,475**	**14,180**
Investment in subsidiaries including acquired cash		6,143	-21,495
Dividends received from subsidiaries		373	0
Cash flows from investing activities		**6,516**	**-21,495**
Loans from credit institutions		2,771	21,828
Loans from group enterprises		-1,978	10,435
Raising of other long-term debt		398	0
Cash flows from financing activities		**1,191**	**32,263**
Change in cash and cash equivalents		**18,182**	**24,948**
Cash and cash equivalents at 1 January		29,295	4,405
Exchange adjustment of current asset investments		-59	-58
Cash and cash equivalents at 31 December		**47,418**	**29,295**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		47,418	29,295
Cash and cash equivalents at 31 December		**47,418**	**29,295**

Notes to the Financial Statements

1 Going concern

The Company has lost its share capital. Equity is negative by DKK 5 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 2020.

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
2 Staff expenses				
Wages and salaries	62,412	50,324	25,545	20,108
Pensions	3,951	2,618	1,197	309
Other social security expenses	1,675	1,537	208	101
Other staff expenses	7,748	5,276	3,862	2,355
	75,786	**59,755**	**30,812**	**22,873**
Average number of employees	**83**	**63**	**24**	**15**

The total management remuneration to the Executive Board and Board of Directors for the Parent Company and Group amounts to DKK 2,786k (2018: DKK 2,399k) 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

Other financial income	160	41	90	33
	160	**41**	**90**	**33**

4 Financial expenses

Interest paid to group enterprises	1,461	866	1,029	621
Other financial expenses	274	75	260	75
Exchange loss	319	1,932	122	1,986
	2,054	**2,873**	**1,411**	**2,682**

Notes to the Financial Statements

5 Tax on profit/loss for the year

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	2,931	2,906	-83	-93
Deferred tax for the year	928	-7,509	0	-3,100
	3,859	**-4,603**	**-83**	**-3,193**

6 Intangible assets

Group

	Acquired other rights	Goodwill
	TDKK	TDKK
Cost at 1 January	33,766	4,383
Additions for the year	8,747	5,674
Cost at 31 December	42,513	10,057
Impairment losses and amortisation at 1 January	17,546	2,126
Exchange adjustment	-59	0
Amortisation for the year	12,703	2,077
Impairment losses and amortisation at 31 December	30,190	4,203
Carrying amount at 31 December	**12,323**	**5,854**

Parent Company

	Acquired other rights	Goodwill
	TDKK	TDKK
Cost at 1 January	7,198	0
Additions for the year	1,098	3,126
Cost at 31 December	8,296	3,126
Impairment losses and amortisation at 1 January	4,662	0
Exchange adjustment	-59	0
Amortisation for the year	993	625
Impairment losses and amortisation at 31 December	5,596	625
Carrying amount at 31 December	**2,700**	**2,501**

Notes to the Financial Statements

	Parent Company	
	2019	2018
	TDKK	TDKK
7 Investments in subsidiaries		
Cost at 1 January	26,621	0
Additions for the year	15,384	26,621
Cost at 31 December	42,005	26,621
Value adjustments at 1 January	-122	0
Exchange adjustment	742	256
Net profit/loss for the year	14,169	12,506
Amortisation of intangible assets, net of tax	-11,254	-12,884
Value adjustments at 31 December	3,535	-122
Equity investments with negative net asset value transferred to provisions	1,587	0
Carrying amount at 31 December	**47,127**	**26,499**
Positive differences arising on initial measurement of subsidiaries at net asset value	5,674	4,383

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%
Wonsild Dry ApS	Copenhagen	DKK 1.000k	100%
Wonsild Hong Kong Ltd.	Hong Kong	HKD 1	100%
Wonsild Singapore Ltd.	Singapore	USD 149k	100%
Maersk Broker America Inc.	USA	USD 550k	100%

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK

8 Investments in associates

	2019	2018	2019	2018
Cost at 1 January	0	0	823	823
Additions for the year	2,922	0	0	0
Cost at 31 December	2,922	0	823	823
Value adjustments at 1 January	0	0	835	-507
Exchange adjustment	114	0	0	2
Net profit/loss for the year	-934	0	-201	1,340
Dividends received	0	0	-373	0
Value adjustments at 31 December	-820	0	261	835
Carrying amount at 31 December	**2,102**	**0**	**1,084**	**1,658**
Positive differences arising on initial measurement of subsidiaries at net asset value	1,877	0	0	0

Investments in associates for the parent company are specified as follows:
- Maersk Broker Albis Bulk Chartering GmbH, Germany, 50%
- Maersk Broker Bulk Chartering (Thailand) Ltd., Thailand, 49%
- Wonsild A/S, Gentofte, 50%.

Investments in associates for the group are specified as follows:
- Naodan Chartering Inc., USA, 25%.

The Group has in 2019 acquired a non-controlling interest in Naodan Chartering Inc (USA) and agreed to acquire remaining shares up until 2024. The subsequent acquisitions of the remaining shares will be acquired at a price equalling fair value at the acquisition time.

Notes to the Financial Statements

9 Prepayments

Prepayments in the group primarily consists of operating costs relating to the following years, including education and bonus, etc. of which DKK 0,0 million will be expensed in 2021 or later (2018: DKK 2.2 million in 2020 or later)

10 Distribution of profit

	Parent Company	
	2019	2018
	TDKK	TDKK
Reserve for net revaluation under the equity method	2,713	713
Retained earnings	-11,526	-5,529
	-8,813	**-4,816**

11 Deferred tax asset

The Company's and the Group's deferred tax asset relates mainly to tax loss carryforwards in Maersk Broker Bulk Chartering A/S. Management expects to utilize the deferred tax asset in the next 3-5 years.

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	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Payables to group enterprises				
Between 1 and 5 years	8,539	39,042	831	22,480
Long-term part	8,539	39,042	831	22,480
Other short-term debt to group enterprises	64,716	17,830	45,689	11,305
	73,255	**56,872**	**46,520**	**33,785**

Notes to the Financial Statements

12 Long-term debt (continued)

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Other payables				
Between 1 and 5 years	650	0	650	0
Long-term part	650	0	650	0
Other short-term payables	13,698	15,651	5,344	4,687
	14,348	**15,651**	**5,994**	**4,687**

13 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Danish group companies under Maersk Broker Holding A/S are jointly and separately 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 separately 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.

14 Related parties

Transactions

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

Consolidated Financial Statements

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

15 Subsequent events

No events materially affecting the assessment of the Annual Report and the group's financial position for 2019 have occurred after the balance sheet date. The expected result for 2020 is however subject to considerable uncertainty due to the possible consequences of Covid-19.

16 Cash flow statement - adjustments

	Group	
	2019	2018
	TDKK	TDKK
Financial income	-160	-41
Financial expenses	2,054	2,873
Depreciation, amortisation and impairment losses, including losses and gains on sales	14,778	16,486
Income from investments in associates	934	0
Tax on profit/loss for the year	3,859	-4,603
Other adjustments	763	-847
	22,228	**13,868**

	Group	
	2019	2018
	TDKK	TDKK
17 Cash flow statement - change in working capital		
Change in receivables	7,239	-2,977
Change in trade payables, etc	-6,676	10,510
Fair value adjustments of hedging instruments	0	-340
	563	**7,193**

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Maersk Broker Bulk Chartering A/S for 2019 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.

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

18 Accounting Policies (continued)

Business combinations

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). The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred. 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 (up to 8 years). Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

Intragroup business combinations

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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

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

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised in the income statement over its estimated useful life as the underlying revenue is realised; however not exeeding 5-8 years.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

Property, plant and equipment

Property, plant and equipment is capitalized when the cost incurred is expected to provide future economic benefits. 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.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of in tan gible as sets 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 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

Notes to the Financial Statements

18 Accounting Policies (continued)

provisions.

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 education and prepaid employee cost for future acccounting 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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$