Maersk Broker Bulk Chartering A/S

Midtermolen 1, DK-2100 Copenhagen Ø

Annual Report for 1 January - 31 December 2020

CVR No 37 37 14 75

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 19/4 2021

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 2020.

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 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

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, 19 April 2021

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 2020 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 2020 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 2020, 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, 19 April 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Wraae Holm	Kim Danstrup
statsautoriseret revisor	statsautoriseret revisor
mne30141	mne32201

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

	Group			
	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK
Key figures				
Profit/loss				
Revenue	109,717	129,362	104,327	29,376
Gross profit/loss	82,554	88,439	69,654	16,201
Profit/loss before financial income and expenses	1,454	-2,126	-6,587	-6,296
Net financials	-1,117	-2,828	-2,832	1,089
Net profit/loss for the year	-1,785	-8,813	-4,816	-4,734
Balance sheet				
Balance sheet total	77,057	112,039	88,145	28,262
Equity	-8,069	-5,065	-12,215	-7,317
Cash flows				
Cash flows from:				
- investing activities	-153	6,516	-21,495	-2,753
Number of employees	75	83	63	17
Ratios				
Gross margin	75.2%	68.4%	66.8%	55.2%
Profit margin	1.3%	-1.6%	-6.3%	-21.4%

The figures from 2018 and onwards include Maersk Broker Bulk Chartering Asia Ltd. which was acquired on 1 January 2018.

The figures from 2019 and onwards include Wonsild Dry ApS and Maersk Broker America Ltd. which were 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 income statement of the Group for 2020 shows a loss of TDKK 1,785, and at 31 December 2020 the balance sheet of the Group shows negative equity of TDKK 8,069.

The Group decreased the turnover in 2020 compared to 2019. The result before net financials and acquisitions is in line with our expectations in Annual Report 2019.

Expectation for 2021

For 2021, we expect a result before net financials in line with 2020, 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 8.1 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 1 January 2022.

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 2020 have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Group 2020 TDKK	Group 2019 TDKK	Parent Company 2020 TDKK	Parent Company 2019 TDKK
Revenue		**109,717**	**129,362**	**35,492**	**38,184**
Other external expenses		-27,163	-40,923	-7,169	-16,042
Gross profit/loss		**82,554**	**88,439**	**28,323**	**22,142**
Staff expenses	2	-72,950	-75,786	-29,617	-30,812
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-8,150	-14,779	-1,837	-1,618
Profit/loss before financial income and expenses		**1,454**	**-2,126**	**-3,131**	**-10,288**
Income from investments in subsidiaries		0	0	2,348	2,914
Income from investments in associates		-59	-934	-1,069	-201
Financial income	3	1,528	160	1,496	90
Financial expenses	4	-2,586	-2,054	-1,429	-1,411
Profit/loss before tax		**337**	**-4,954**	**-1,785**	**-8,896**
Tax on profit/loss for the year	5	-2,122	-3,859	0	83
Net profit/loss for the year		**-1,785**	**-8,813**	**-1,785**	**-8,813**

Balance Sheet 31 December

Assets

	Note	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
		TDKK	TDKK	TDKK	TDKK
Acquired other rights		5,871	12,323	1,395	2,700
Goodwill		4,061	5,854	1,876	2,501
Intangible assets	6	**9,932**	**18,177**	**3,271**	**5,201**
Investments in subsidiaries	7	0	0	20,610	47,127
Investments in associates	8	2,025	2,102	621	1,084
Fixed asset investments		**2,025**	**2,102**	**21,231**	**48,211**
Fixed assets		**11,957**	**20,279**	**24,502**	**53,412**
Trade receivables		25,257	31,984	5,926	7,841
Receivables from group enterprises		894	670	358	1,162
Receivables from associates		401	492	0	0
Other receivables		2,433	3,186	1,031	1,251
Deferred tax asset	11	4,278	3,607	2,858	2,858
Corporation tax		312	32	0	0
Corporation tax receivable from group enterprises		0	83	0	83
Prepayments	9	2,139	4,288	1,631	3,763
Receivables		**35,714**	**44,342**	**11,804**	**16,958**
Cash at bank and in hand		**29,386**	**47,418**	**10,070**	**3,822**
Currents assets		**65,100**	**91,760**	**21,874**	**20,780**
Assets		**77,057**	**112,039**	**46,376**	**74,192**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
		TDKK	TDKK	TDKK	TDKK
Share capital		1,217	1,217	1,217	1,217
Reserve for net revaluation under the equity method		0	0	0	3,795
Retained earnings		-9,286	-6,282	-9,286	-10,077
Equity		**-8,069**	**-5,065**	**-8,069**	**-5,065**
Provisions relating to investments in group enterprises		0	0	2,097	1,587
Provisions		**0**	**0**	**2,097**	**1,587**
Long-term payables to group enterprises		19,737	8,549	14,407	841
Other payables		1,670	650	1,670	650
Long-term debt	12	**21,407**	**9,199**	**16,077**	**1,491**
Credit institutions		23,821	24,599	23,821	24,599
Trade payables		948	1,332	458	557
Short-term payables to group enterprises	12	21,064	64,706	4,642	45,679
Corporation tax		2,703	3,570	0	0
Other payables	12	15,183	13,698	7,350	5,344
Short-term debt		**63,719**	**107,905**	**36,271**	**76,179**
Debt		**85,126**	**117,104**	**52,348**	**77,670**
Liabilities and equity		**77,057**	**112,039**	**46,376**	**74,192**

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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	1,217	0	-6,282	-5,065
Exchange adjustments relating to foreign entities	0	0	-1,219	-1,219
Net profit/loss for the year	0	0	-1,785	-1,785
Equity at 31 December	**1,217**	**0**	**-9,286**	**-8,069**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January	1,217	3,795	-10,077	-5,065
Dissolution of previous years' revaluation	0	-3,795	3,795	0
Exchange adjustments relating to foreign entities	0	0	-1,219	-1,219
Net profit/loss for the year	0	0	-1,785	-1,785
Equity at 31 December	**1,217**	**0**	**-9,286**	**-8,069**

Cash Flow Statement 1 January - 31 December

	Note	Group 2020	Group 2019
		TDKK	TDKK
Net profit/loss for the year		-1,785	-8,813
Adjustments	13	10,447	22,228
Change in working capital	17	-12,806	563
Cash flows from operating activities before financial income and expenses		**-4,144**	**13,978**
Financial income		1,528	160
Financial expenses		-2,586	-1,994
Cash flows from ordinary activities		**-5,202**	**12,144**
Corporation tax paid		-3,269	-1,669
Cash flows from operating activities		**-8,471**	**10,475**
Investment in subsidiaries		-153	6,143
Dividends received from subsidiaries		0	373
Cash flows from investing activities		**-153**	**6,516**
Repayment of loans from credit institutions		-778	0
Repayment of loans from group companies		-20,156	0
Raising of loans from credit institutions		0	2,771
Raising of loans from group enterprises		11,188	-1,978
Raising of other long-term debt		1,020	398
Cash flows from financing activities		**-8,726**	**1,191**
Change in cash and cash equivalents		**-17,350**	**18,182**
Cash and cash equivalents at 1 January		47,418	29,295
Exchange adjustment of current asset investments		-682	-59
Cash and cash equivalents at 31 December		**29,386**	**47,418**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		29,386	47,418
Cash and cash equivalents at 31 December		**29,386**	**47,418**

Notes to the Financial Statements

1 Going concern

The Company has lost its share capital. Equity is negative by DKK 8.1 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 1 January 2022.

2 Staff expenses

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	59,370	62,412	24,794	25,545
Pensions	3,881	3,951	1,079	1,197
Other social security expenses	1,572	1,675	31	208
Other staff expenses	8,127	7,748	3,713	3,862
	72,950	**75,786**	**29,617**	**30,812**
Average number of employees	**75**	**83**	**20**	**24**

The total management remuneration to the Executive Board and Board of Directors for the Parent Company and Group amounts to DKK 2,519k (2019: DKK 2,786k) 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

	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Other financial income	55	160	23	90
Exchange gains	1,473	0	1,473	0
	1,528	**160**	**1,496**	**90**

4 Financial expenses

	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Interest paid to group enterprises	1,563	1,461	1,187	1,029
Other financial expenses	245	274	242	260
Exchange loss	778	319	0	122
	2,586	**2,054**	**1,429**	**1,411**

Notes to the Financial Statements

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
5 Tax on profit/loss for the year				
Current tax for the year	2,667	2,931	0	-83
Deferred tax for the year	-545	928	0	0
	2,122	**3,859**	**0**	**-83**

6 Intangible assets

Group

	Acquired other rights	Goodwill
	TDKK	TDKK
Cost at 1 January	42,513	10,057
Exchange adjustment	-1,020	0
Cost at 31 December	41,493	10,057
Impairment losses and amortisation at 1 January	30,191	4,204
Exchange adjustment	-927	0
Amortisation for the year	6,358	1,792
Impairment losses and amortisation at 31 December	35,622	5,996
Carrying amount at 31 December	**5,871**	**4,061**

Parent Company

	Acquired other rights	Goodwill
	TDKK	TDKK
Cost at 1 January	8,296	3,126
Exchange adjustment	-1,020	0
Cost at 31 December	7,276	3,126
Impairment losses and amortisation at 1 January	5,596	625
Exchange adjustment	-927	0
Amortisation for the year	1,212	625
Impairment losses and amortisation at 31 December	5,881	1,250
Carrying amount at 31 December	**1,395**	**1,876**

Notes to the Financial Statements

	Parent Company	
	2020	2019
	TDKK	TDKK
7 Investments in subsidiaries		
Cost at 1 January	42,005	26,621
Additions for the year	0	15,384
Cost at 31 December	42,005	42,005
Value adjustments at 1 January	3,535	-122
Exchange adjustment	-1,219	742
Net profit/loss for the year	8,003	14,169
Dividend to the Parent Company	-28,156	0
Amortisation of intangible assets, net of tax	-5,655	-11,254
Value adjustments at 31 December	-23,492	3,535
Equity investments with negative net asset value transferred to provisions	2,097	1,587
Carrying amount at 31 December	**20,610**	**47,127**

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

8 Investments in associates

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	2,922	0	823	823
Exchange adjustment	-223	0	0	0
Additions for the year	153	2,922	606	0
Cost at 31 December	2,852	2,922	1,429	823
Value adjustments at 1 January	-820	0	261	835
Exchange adjustment	52	114	0	0
Net profit/loss for the year	-59	-934	-1,069	-201
Dividends received	0	0	0	-373
Value adjustments at 31 December	-827	-820	-808	261
Carrying amount at 31 December	**2,025**	**2,102**	**621**	**1,084**

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 2022 or later (2019: DKK 0.0 million in 2021 or later)

10 Distribution of profit

	Parent Company	
	2020	2019
	TDKK	TDKK
Reserve for net revaluation under the equity method	0	2,713
Retained earnings	-1,785	-11,526
	-1,785	**-8,813**

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	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Long-term payables to group enterprises				
After 5 years	5,330	0	0	0
Between 1 and 5 years	14,407	8,549	14,407	841
Long-term part	19,737	8,549	14,407	841
Other short-term debt to group enterprises	21,064	64,706	4,642	45,679
	40,801	**73,255**	**19,049**	**46,520**

Notes to the Financial Statements

12 Long-term debt (continued)

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Other payables				
Between 1 and 5 years	1,670	650	1,670	650
Long-term part	1,670	650	1,670	650
Other short-term payables	15,183	13,698	7,350	5,344
	16,853	**14,348**	**9,020**	**5,994**

13 Cash flow statement - adjustments

	Group	
	2020	2019
	TDKK	TDKK
Financial income	-1,528	-160
Financial expenses	2,586	2,054
Depreciation, amortisation and impairment losses, including losses and gains on sales	8,150	14,778
Income from investments in associates	59	934
Tax on profit/loss for the year	2,122	3,859
Other adjustments	-942	763
	10,447	**22,228**

Notes to the Financial Statements

14 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.

15 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

16 Subsequent events

No events materially affecting the assessment of the Annual Report and the group's financial position for 2020 have occurred after the balance sheet date.

Notes to the Financial Statements

17 Cash flow statement - change in working capital

	Group	
	2020	2019
	TDKK	TDKK
Change in receivables	9,579	7,239
Change in trade payables, etc	-22,385	-6,676
	-12,806	**563**

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Maersk Broker Bulk Chartering A/S for 2020 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.

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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

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 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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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