# 2016/2017

# ANNUAL REPORT

CVR NO. 56 25 23 12


The Annual Report was presented and adopted at the Annual General Meeting on 23 June 2017

Michael Keldsen

Chairman of the meeting Michael Keldsen

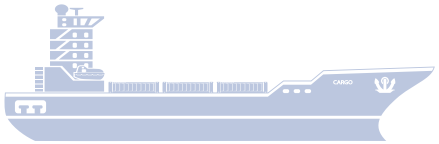
Financial year: 1 May 2016 – 30 April 2017
Company reg. no. 56 25 23 12

**SHIPPING HOLDING A/S**


SHIPPING.DK


# CONTENTS

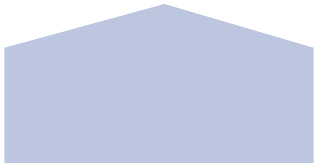
# 2016/2017 IN FIGURES



# 6,100

**6,100 Agency calls handled.**

**We offer 24/365 Agency service.**



# 110,000 m²

**We have 110,000 m² of multi terminal space strategically located across Denmark and Sweden.**

**We are one of Scandinavia´s leading shipping and logistics companies with own offices in the Nordic countries.**

# 255

**255 dedicated and competent employees are our most important driving force.**

# FINANCIAL HIGHLIGHTS

**629.3 MIO DKK** +14% vs. 2016
Revenue

**20.7 MIO DKK** +88% vs. 2016
EBT

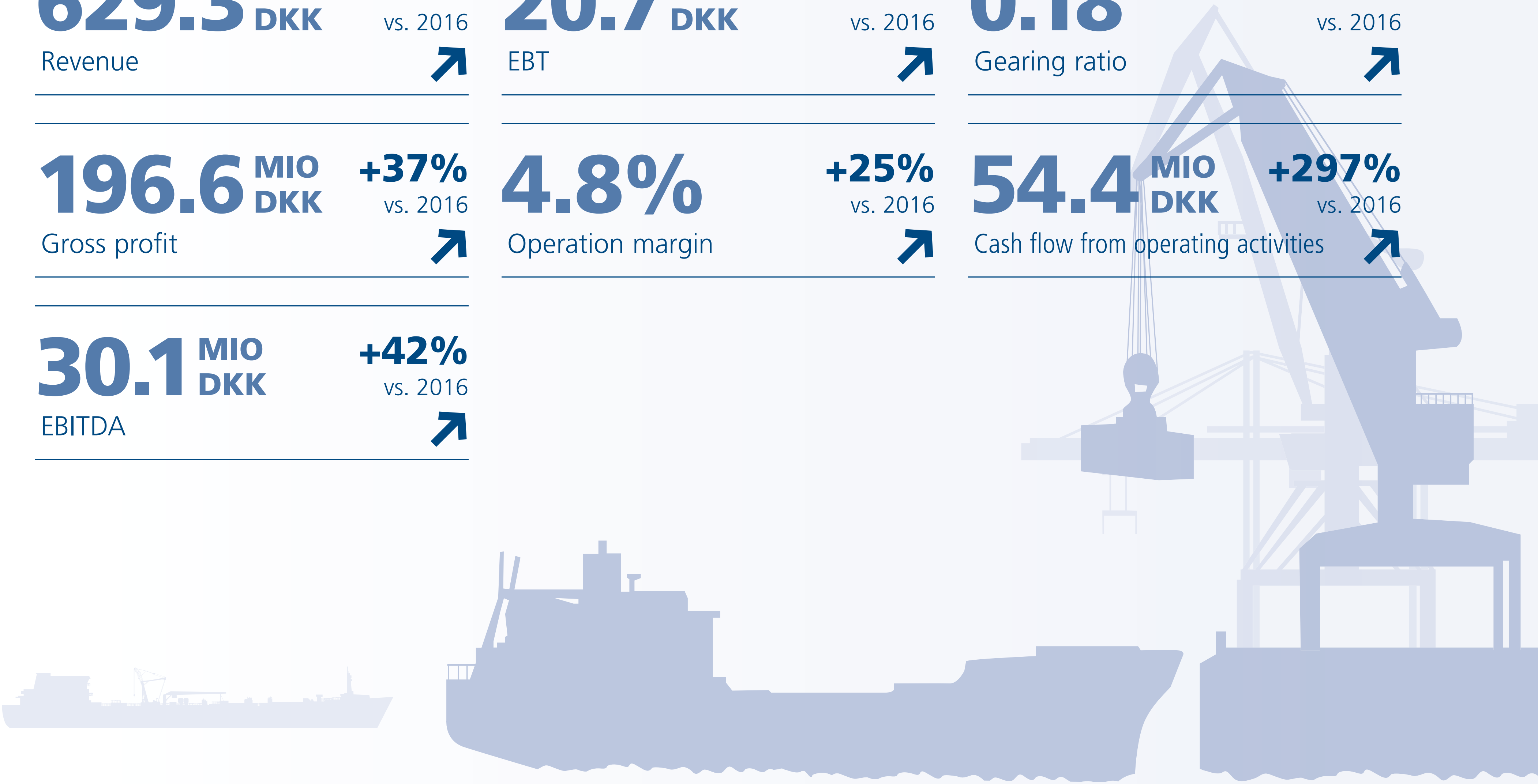
**0.18** +84% vs. 2016
Gearing ratio

**196.6 MIO DKK** +37% vs. 2016
Gross profit

**4.8%** +25% vs. 2016
Operation margin

**54.4 MIO DKK** +297% vs. 2016
Cash flow from operating activities

**30.1 MIO DKK** +42% vs. 2016
EBITDA



# COMPANY INFORMATION

## THE COMPANY

Shipping Holding A/S
Oceankajen 12
DK-7000 Fredericia

Telephone: +45 76 20 60 00
Facsimile: +45 76 20 60 10
E-mail: denmark@shipping.dk

CVR No: 56 25 23 12
Financial year: 1 May - 30 April
Municipality of reg. office: Fredericia

## BOARD OF DIRECTORS

Torben Østergaard-Nielsen, Chairman
Michael Keldsen
Nina Østergaard Borris
Henrik Holm
Lars Krejberg Petersen
Flemming Dalgaard

## EXECUTIVE BOARD

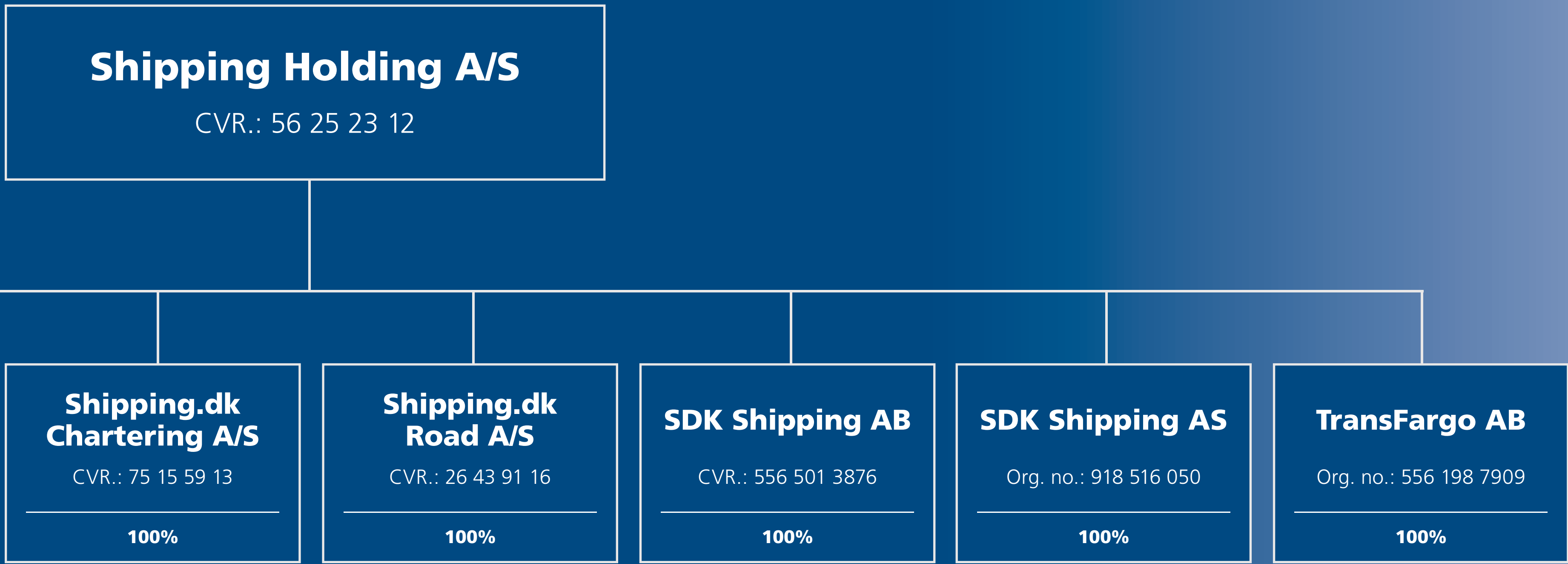
Søren Gran Hansen

## AUDITORS

PricewaterhouseCoopers
Herredsvej 32
DK-7100 Vejle


# GROUP **STRUCTURE**

| Shipping.dk A/S | SDK Shipping A/S | Shipping Consultancy A/S |
|---|---|---|
| CVR.: 43 78 50 28 | CVR.: 36 48 31 13 | CVR.: 36 97 33 90 |
| **100%** | **100%** | **100%** |


Shipping Holding A/S
CVR.: 56 25 23 12
Shipping.dk Chartering A/S
CVR.: 75 15 59 13
100%
Shipping.dk Road A/S
CVR.: 26 43 91 16
100%
SDK Shipping AB
CVR.: 556 501 3876
100%
SDK Shipping AS
Org. no.: 918 516 050
100%
TransFargo AB
Org. no.: 556 198 7909
100%

# MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Shipping Holding A/S for the financial year 1 May 2016 - 30 April 2017.

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

In our opinion, the Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Parent Company and the Group at 30 April 2017 and of the results of the Parent Company and Group operations and consolidated cash flows for 2016/17.

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

Fredericia, 23 june 2017

## EXECUTIVE BOARD

Søren Gran Hansen

## BOARD OF DIRECTORS

Torben Østergaard-Nielsen
Chairman

Henrik Holm

Nina Østergaard Borris

Michael Keldsen

Lars Krejberg Petersen

Flemming Dalgaard

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 23 June 2017

Michael Keldsen
Chairman of the meeting

# SHIPPING HOLDING A/S **BOARD OF DIRECTORS**

## TORBEN ØSTERGAARD-NIELSEN

**Chairman**
Born in 1954.
Board member since 1995 and Chairman since 2014.
CEO, founder and owner of the USTC Group (A/S United Shipping & Trading Company).

**Special competences**
Extensive background and global experience within the shipping industry.

**Other directorships**
Chairman and member of the boards in most USTC Group companies. Member of the boards in FAYARD Holding A/S, Fiberline Composites A/S, H.J. Hansen Holding A/S, Gottfred Petersen Holding A/S and Selected Car Leasing A/S. Chairman of the board in Middelfart Bycenter A/S.

**Other**
German Honorary Consul since 1988, member of Corps Consulaire since 1988. Member of Nykredit Regionsråd and member of Danske Bank Erhvervsråd.

## MICHAEL KELDSEN

**Board Member**
Born in 1950.
Board member since 1995. Chairman of the board from 1998-2014.
Of Counsel, Kromann Reumert Law firm, former partner.

**Special competences**
In-depth knowledge and experience within corporate and foundation/trust law as well as mergers and acquisitions and shipbuilding contracts.

**Other directorships**
Member of the boards in A/S United Shipping & Trading Company, Uni-Tankers A/S, Bunker Holding A/S, Iron Pump A/S, Nemco Machinery A/S, Autronica Fire & Security A/S, Stanley Nordic Aps, GW Sprinkler A/S and Better CPH A/S.

**Education**
LL.M. (Master of Law).

## NINA ØSTERGAARD BORRIS

**Board Member**
Born in 1983.
Board member since 2014.
Executive Assistant Bunker Holding A/S.

**Special competences**
Company evaluations, mergers and acquisitions, financial due diligence business restructuring, reorganization, turnarounds.

**Other directorships**
Member of the board in Uni-Tankers A/S.

**Education**
Master degree in applied economics and finance (Cand.merc. AEF).

## HENRIK HOLM

**Board Member**
Born in 1959.
Board member since 2012.
CEO GDL Transport AB, headquarter Helsingborg Sweden.

**Special competences**
36 years of experience in Transportation and Logistics.
General Management
Mergers and acquisitions.

**Other directorships**
Member of the boards in Kathrineholm, Rail Point AB, TRB AB, and HTL AB.

**Education**
General management, logistics and market and sales.

## LARS KREJBERG PETERSEN

**Board Member**
Born 1963.
Board member since 2012.
CEO Dansk Retursystem A/S.

**Special competences**
Supply Chain, Logistics and Business Processes.

**Other directorships**
Member of the boards in Nemco 98 A/S and IAA.

**Education**
BBA and BBA(M).

## FLEMMING DALGAARD

**Board Member**
Born in 1964.
Board member since 2015.
CEO Gulftainer Group of Companies, UAE.

**Special competences**
Executive management within the ports, logistics and shipping industry including M&A activities. 30 years of global experience both in mature/developed as well as emerging markets.

**Other directorships**
Board Member at Gulftainer Sharjah LTD, Momentum Logistics UAE, and GSCC.

**Education**
Shipping education from A.P. Moller-Maersk as well as Chartered Director (CDIR) from IOD and Chartered Fellow at the UK Institute for Logistics and Transport (FCILT).

# EXECUTIVE **BOARD**

## SØREN GRAN HANSEN

CEO Shipping Holding A/S.
Born in 1968.
Employed since September 2013.

**Education/Background**
Bachelor of economy.
Global experience with listed companies and extensive background within freight and logistics industry, primarily through 24 years with DSV A/S, with different director and board positions.

## HENRIK KLAUSEN

CFO Shipping Holding A/S.
Born in 1964.
Employed since August 2014.

**Education/Background**
Master of Science in Business Economics and Auditing.

## LARS JESPERSEN

CEO Shipping.dk A/S, SDK Shipping AB, Shipping.dk Chartering A/S, and Shipping Consultancy A/S.
Born in 1968.
Employed since November 1998.

**Education/Background**
Bachelor, Insead.

**Other external positions:**
Deputy chairman Danish Harbour Associations.
Chairman Aabenraa Employers Association.
British consul.

## HENRIK GYDESEN

CEO Shipping.dk Road A/S.
Born in 1974.
Employed since January 2014.

**Education/Background**
Bachelor Transport & Logistics.

**Other external position:**
Board member DASP Nord.

## MORTEN DREYER

CEO Shipping.dk Road A/S.
Born in 1970.
Employed since January 2015.

**Education/Background**
Forwarding Agent, Head of Department, Head of Division Transport & Logistics.

# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF SHIPPING HOLDING 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 30 April 2017, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 May 2016 - 30 April 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Shipping Holding for the financial year 1 May 2016 - 30 April 2017, 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 ("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 Statement Act. We did not identify any material misstatement in Management's Review.

### MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Trekantområdet, 23 June 2017

**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Gert Fisker Tomczyk
State Authorised Public Accountant

Jan Bunk Harbo Larsen
State Authorised Public Accountant

# FINANCIAL HIGHLIGHTS OF THE GROUP

## SEEN OVER A FIVE-YEAR PERIOD, THE DEVELOPMENT OF THE GROUP IS DESCRIBED BY THE FOLLOWING FINANCIAL HIGHLIGHTS:

| DKK '000 | 2016/17 | 2015/16 | 2014/15 | 2013/14 | 2012/13 |
|---|---|---|---|---|---|
| **Profit** | | | | | |
| Net revenue | 629,363 | 549,823 | 486,649 | 467,732 | 439,107 |
| Gross profit | 196,634 | 143,866 | 119,824 | 111,920 | 98,205 |
| Operating profit (EBITDA) | 30,078 | 21,136 | 19,443 | 2,098 | 6,146 |
| Profit before financial income and expenses (EBIT) | 21,343 | 13,601 | 9,858 | (14,395) | (6,761) |
| Net financials | (605) | (2,553) | (753) | (5,526) | (4,846) |
| Profit before tax (EBT) | 20,738 | 11,048 | 9,105 | (19,921) | (11,607) |
| Net profit for the year | 15,769 | 8,627 | 7,327 | (18,957) | (9,983) |
| **Balance sheet** | | | | | |
| Balance sheet total | 291,449 | 230,831 | 217,627 | 164,368 | 185,125 |
| Equity | 76,594 | 49,877 | 44,587 | 22,011 | 23,124 |
| Net working capital | (21,295) | 2,016 | (1,993) | 15,316 | 20,452 |
| Net interest bearing debt | 5,349 | 23,908 | 34,910 | 54,319 | 82,498 |
| **Cash flows** | | | | | |
| Cash flows from: | | | | | |
| - operating activities | 54,384 | 13,705 | 48,624 | 13,978 | (3,796) |
| - investing activities | (43,308) | (2,702) | (44,216) | (3,197) | (5,160) |
| - financing activities | 9,707 | 6,113 | 10,916 | 8,190 | 3,796 |
| Investments in fixed tangible assets | 1,508 | 3,486 | 9,222 | 3,493 | 4,807 |
| Change in cash and cash equivalents for the year | 20,783 | 17,116 | 15,324 | 18,971 | (5,160) |
| **Ratios (%)** | | | | | |
| Financial: | | | | | |
| - gross margin | 31.2 % | 26.2 % | 25.0 % | 24.0 % | 22.0 % |
| - operation margin | 4.8 % | 3.8 % | 4.0 % | 0.4 % | 1.2 % |
| - profit margin | 3.4 % | 2.5 % | 2.0 % | -3.0 % | -2.0 % |
| - return on equity (ROE) | 24.9 % | 18.3 % | 22.0 % | -84.0 % | -45.0 % |
| - liquidity ratio | 0.91 | 0.91 | 0.76 | 0.87 | 0.77 |
| - solvency ratio | 26.3 % | 21.6 % | 20.0 % | 13.0 % | 12.0 % |
| **Staff** | | | | | |
| Number of employees | 255 | 186 | 182 | 143 | 145 |

*For definitions, see under accounting policies page 49*

# REVIEW

## ACTIVITIES

The main activities of the Shipping Holding Group include stevedoring and providing warehousing, agency, customs clearing, commercial chartering, liner services, cruise services and freight forwarding (road, air and sea).

The main object of the Parent Company is as a holding company to hold shares in the subsidiaries and to contribute to the continued development of these.

## DEVELOPMENT IN THE YEAR

The Shipping Holding Group achieved revenue of DKK 629,363k (549,823k previous year) and a profit before tax of DKK 20,738k (11,048k). At the end of the year, equity amounted to DKK 76,594k (49,877k), corresponding to 26.3% (21.6%) of the total assets.

Compared to last year the profit before tax has increased by DKK 9,690k (1,943k) corresponding to a 88% (21%) increase. The increased profit comes from two sources: organic growth/optimization of existing activities and new business (acquisitions).

The growing profitability is considered a result of a continued strong and focused implementation of the Group's strategy together with a very strong performing and motivated staff of employees.

During the year 2 new acquisitions took place and already in the first year of operation they have managed to contribute positively to the profit of the Group.

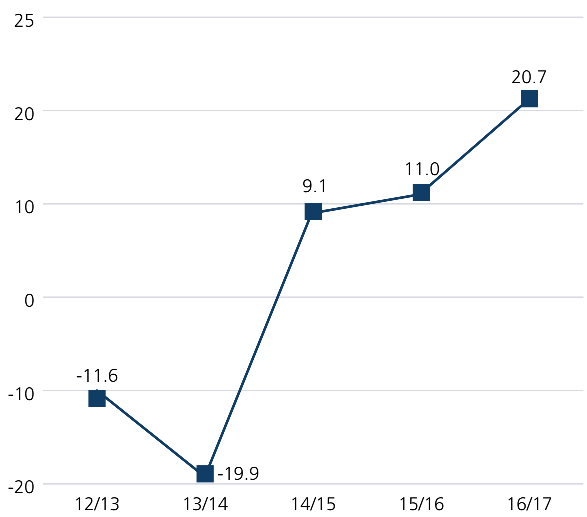
The Group has focus on risk management and has procedures and culture for observing risks and mitigating risks.

The Group's financial strength continued to improve over the last year. Equity grew and the solvency ratio ended at 26,3% (21,6%) end of the year. The improved profits along with focus on lower working capital has improved cash flow.

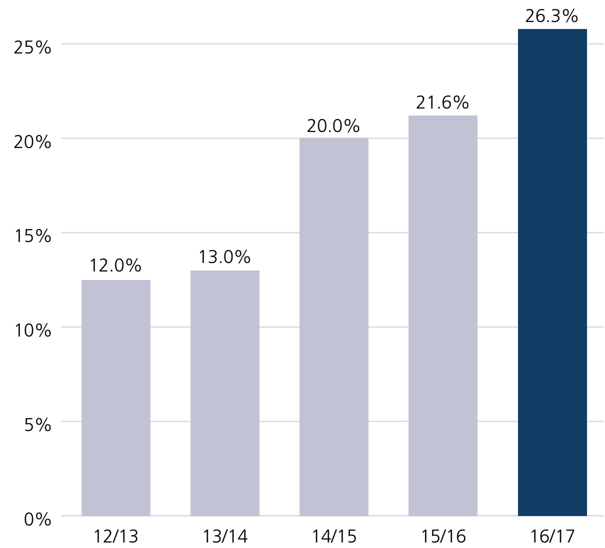
The results for the year are considered very satisfactory by Management.

### PROFIT BEFORE TAX

MIO DKK




### SOLVENCY RATIO



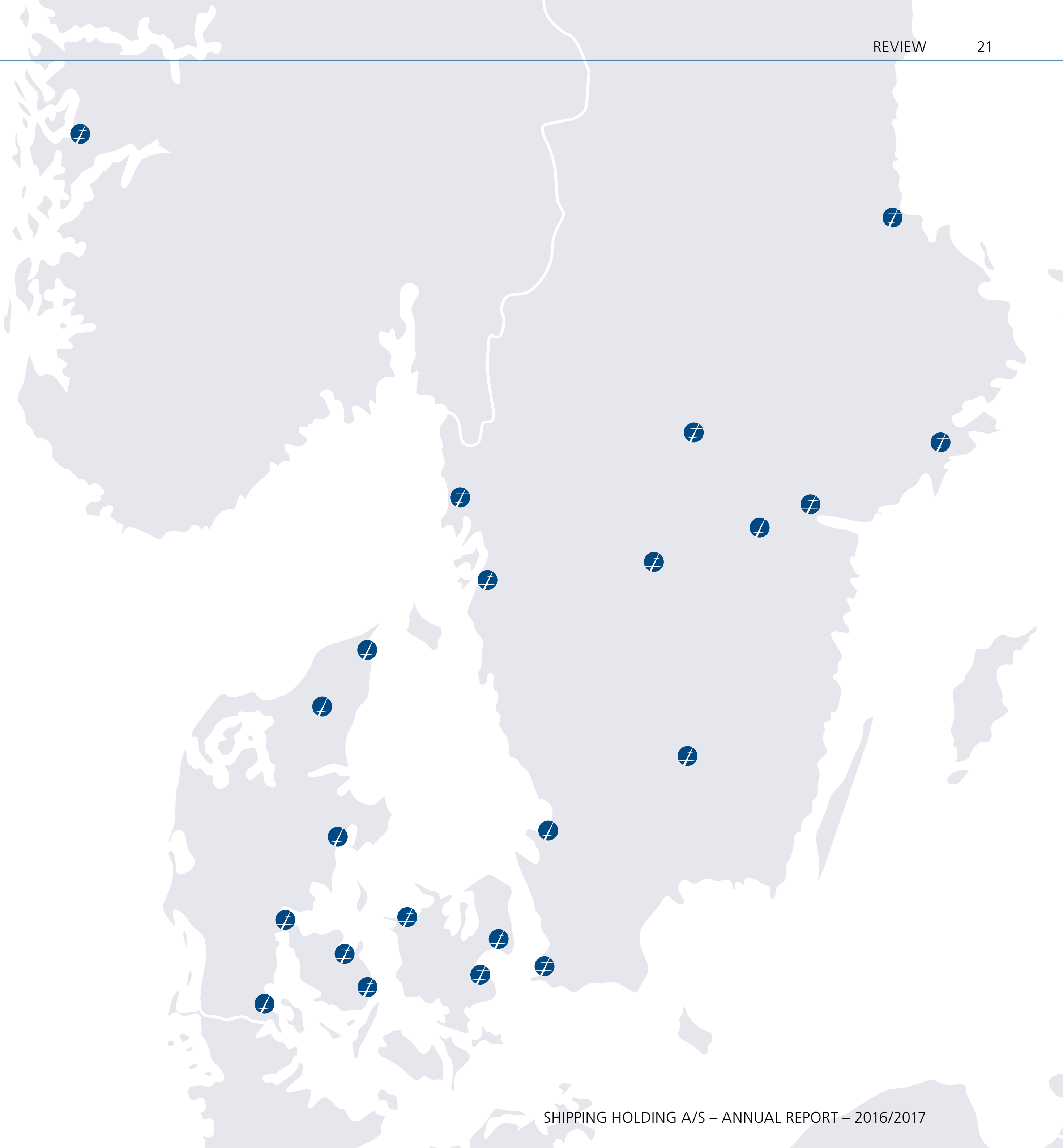
## STRATEGY AND OBJECTIVE

The Shipping Holding's vision is to be a growing and leading supplier of shipping services seen in a broader perspective.

Shipping Holding will on a continuous basis develop its business in line with the customers' wishes and requirements. The Group wants to be known for its high quality in a wide sense, and the quality of our services must follow the highest international standards.

The Group's strategy plan contains clear objectives for Shipping Holding as a whole and for the individual enterprises of the Group to support growth in activities and earnings. Current follow-up is made on the realisation of the goals set.

Shipping Holding focuses on organic growth, as well as growth through acquisitions.



*Our offices in Europe*

## FINANCIAL AND OPERATIONAL RISKS

**Foreign exchange risks**
The Group hedges against commercial foreign exchange exposure on a current basis and moreover assesses the need to hedge against foreign exchange exposure of future cash flows. Hedging mainly takes place by means of forward exchange contracts. Future expected cash flows are hedged for a maximum period of the first succeeding 12 months.

**Credit risks**
The Group is exposed to credit risk relating to its customers, and all customers and other business partners are credit rated regularly in accordance with the Group's policy for assuming credit risks.

**Interest rate risks**
The Group's interest-bearing debt is based on a mix between fixed and variable interest rates, and therefore earnings are partly affected by any changes in the level of interest. The Group monitors and assesses on a current basis the financial consequences of interest rate changes and hedges the interest rate risk if considered adequate.

**Trading risks**
The Group's trading activities are widely spread on the various shipping segments and no single costumer or supplier has a significant part of the Group's sales or purchases.

## CORPORATE SOCIAL RESPONSIBILITY

Reference is made to Parent Company A/S United Shipping & Trading Company CSR report including policy on gender equality.

**Targets for the under-represented gender on the board of directors**
Shipping Holding A/S Board of Directors is the supreme management body in the company and currently consists of 6 members. Today the percentage of female members of the board elected by the shareholder's committee is 17 %. The target for the underrepresented gender is set as 40 % for 2020.

Composition of the Board is intended to ensure that it has a diverse competency profile to be able to perform its duties as effectively as possible.

**Policy for the under-represented gender at other management levels**
The policy of the Group is that the employees, irrespective of gender, must have equal career and management opportunities, and that the Group will have an open-minded and unprejudiced culture in which the individual employee can make the best possible use of his or her skills irrespective of gender. The Group's internal management training is open to anyone with the right skills, regardless of gender.

**Uncertainly relating to recognition and requirement**
No specific uncertainty has been observed in connection with the recognition and measurement of the items of the Financial Statements.

**Unusual circumstances**
The Financial Statements are not affected by any unusual circumstances.


# EXPECTATIONS FOR THE YEAR AHEAD

The Group's level of activity, revenues and earnings are affected by a number of external factors, such as the development on the global shipping and freight market.

In the financial year 2017/18, Management expects years profit in a range close to actual result for 2016/17.


AIDAdiva
SDK SHIPPING

# INCOME STATEMENT

## 1 MAY - 30 APRIL

| DKK '000 | Note | Group 2016/17 | Group 2015/16 | Parent Company 2016/17 | Parent Company 2015/16 |
|---|---|---|---|---|---|
| **Net revenue** | 1 | **629,363** | **549,823** | **0** | **0** |
| Direct costs | | 432,729 | 405,957 | 0 | 0 |
| **Gross profit** | | **196,634** | **143,866** | **0** | **0** |
| Other operating income | | 1,036 | 745 | 10,838 | 0 |
| Other external expenses | | 43,836 | 20,585 | 8,239 | 240 |
| Staff costs | 2 | 123,756 | 102,890 | 4,907 | 652 |
| **Operating profit (EBITDA)** | | **30,078** | **21,136** | **(2,308)** | **(892)** |
| Depreciation and amortisation of intangible assets, property, plant and equipment | 3 | 8,735 | 7,535 | 0 | 0 |
| **Profit before financial income and expenses (EBIT)** | | **21,343** | **13,601** | **(2,308)** | **(892)** |
| Profit from investments in group enterprises and associates | 4 | 0 | 215 | 17,571 | 9,715 |
| Financial income | 5 | 4,098 | 2,098 | 1,559 | 1,111 |
| Financial expenses | 6 | 4,703 | 4,856 | 1,518 | 1,664 |
| **Profit before tax (EBT)** | | **20,738** | **11,058** | **15,304** | **8,270** |
| Tax on profit for the year | 7 | 4,969 | 2,431 | (465) | (357) |
| **Profit for the year** | | **15,769** | **8,627** | **15,769** | **8,627** |

# BALANCE SHEET AT 30 APRIL

## ASSETS

| DKK '000 | Note | Group 2017 | Group 2016 | Parent Company 2017 | Parent Company 2016 |
|---|---|---|---|---|---|
| Goodwill | | 79,021 | 40,254 | 0 | 0 |
| **Intangible assets** | 9 | **79,021** | **40,254** | **0** | **0** |
| Land and buildings | | 55,587 | 58,058 | 0 | 0 |
| Fixtures and fittings, tools and equipment | | 8,263 | 8,606 | 0 | 0 |
| **Property, plant and equipment** | 10 | **63,850** | **66,664** | **0** | **0** |
| Investments in subsidiaries | | 0 | 0 | 104,931 | 63,806 |
| Investments in other securities and equity investments | | 5 | 5 | 0 | 0 |
| Deposits | | 1,391 | 1,743 | 0 | 0 |
| **Fixed asset investments** | 11 | **1,396** | **1,748** | **104,931** | **63,806** |
| **Fixed assets** | | **144,267** | **108,666** | **104,931** | **63,806** |
| **Inventories** | | **612** | **383** | **0** | **0** |
| Trade receivables | | 89,509 | 75,936 | 0 | 0 |
| Receivables from group enterprises | | 887 | 1,113 | 3,735 | 13,828 |
| Other receivables | | 9,100 | 5,830 | 21 | 5 |
| Prepayments | 12 | 8,739 | 4,395 | 498 | 0 |
| Corporation tax | | 553 | 3,750 | 553 | 1,285 |
| **Receivables** | | **108,788** | **91,024** | **4,807** | **15,118** |
| **Cash and equivalents** | | **37,782** | **30,758** | **15,344** | **1,111** |
| **Current assets** | | **147,182** | **122,165** | **20,151** | **16,229** |
| **Assets** | | **291,449** | **230,831** | **125,082** | **80,035** |

## LIABILITIES AND EQUITY

| | Note | Group | | Parent Company | |
|---|---|---|---|---|---|
| DKK '000 | | **2017** | **2016** | **2017** | **2016** |
| Share capital | | 6,000 | 5,000 | 6,000 | 5,000 |
| Retained earnings | | 70,594 | 44,877 | 70,594 | 44,877 |
| **Equity** | | **76,594** | **49,877** | **76,594** | **49,877** |
| Provision for deferred tax | 13 | 2,958 | 3,717 | 0 | 0 |
| Other provisions | 14 | 9,668 | 54 | 0 | 0 |
| **Provisions** | | **12,626** | **3,771** | **0** | **0** |
| Mortgage debt | | 39,990 | 42,226 | 0 | 0 |
| Leasing debt | | 0 | 403 | 0 | 0 |
| **Long-term debt** | 15 | **39,990** | **42,629** | **0** | **0** |
| Mortgage debt | | 2,272 | 2,047 | 0 | 0 |
| Credit institutions | | 466 | 9,707 | 3 | 9,175 |
| Leasing debt | | 403 | 283 | 0 | 0 |
| Trade payables | | 111,416 | 74,303 | 2,777 | 0 |
| Prepayments received | 16 | 1,997 | 8,286 | 0 | 0 |
| Payables to group enterprises | | 457 | 4,586 | 38,953 | 19,301 |
| Corporation tax | | 3,586 | 4,734 | 0 | 0 |
| Other payables | | 41,642 | 30,608 | 6,755 | 1,682 |
| **Short-term debt** | | **162,239** | **134,554** | **48,488** | **30,158** |
| **Debt** | | **202,229** | **177,183** | **48,488** | **30,158** |
| **Liabilities and equity** | | **291,449** | **230,831** | **125,082** | **80,035** |
| Distribution of profit | 8 | | | | |
| Security and contingent liabilities | 17 | | | | |
| Related parties | 18 | | | | |
| Fee to auditors appointed at the general meeting | 19 | | | | |
| Subsequent events | 20 | | | | |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 2016/17 GROUP

| DKK '000 | Share capital | Reserve for net revaluation | Retained earnings | Proposed dividend | Total |
|---|---|---|---|---|---|
| Equity at 1 May | 5,000 | 0 | 44,877 | 0 | 49,877 |
| Cash capital increase | 1,000 | 0 | 11,000 | 0 | 12,000 |
| Dividend paid | 0 | 0 | 0 | 0 | 0 |
| Net profit for the year | 0 | 0 | 15,769 | 0 | 15,769 |
| Exchange adjustment | 0 | 0 | (373) | 0 | (373) |
| Capital adjustments | 0 | 0 | (710) | 0 | (710) |
| Fair value adjustment of derivative financial instruments | 0 | 0 | 31 | 0 | 31 |
| **Equity at 30 April** | **6,000** | **0** | **70,594** | **0** | **76,594** |

## 2015/16 GROUP

| DKK '000 | Share capital | Reserve for net revaluation | Retained earnings | Proposed dividend | Total |
|---|---|---|---|---|---|
| Equity at 1 May | 5,000 | 5,530 | 34,057 | 0 | 44,587 |
| Dividend paid | 0 | 0 | 0 | 0 | 0 |
| Net profit for the year | 0 | 0 | 8,627 | 0 | 8,627 |
| Exchange adjustment | 0 | 0 | 61 | 0 | 61 |
| Capital adjustments | 0 | (5,530) | 1,820 | 0 | (3,710) |
| Fair value adjustment of derivative financial instruments | 0 | 0 | 312 | 0 | 312 |
| **Equity at 30 April** | **5,000** | **0** | **44,877** | **0** | **49,877** |

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

## 2016/17 PARENT COMPANY

| DKK '000 | Share capital | Retained earnings | Proposed dividend | Total |
|---|---|---|---|---|
| Equity at 1 May | 5,000 | 44,877 | 0 | 49,877 |
| Cash capital increase | 1,000 | 11,000 | 0 | 12,000 |
| Net profit for the year | 0 | 15,769 | 0 | 15,769 |
| Exchange adjustment | 0 | (373) | 0 | (373) |
| Capital adjustments | 0 | (710) | 0 | (710) |
| Fair value adjustment of derivative financial instruments | 0 | 31 | 0 | 31 |
| **Equity at 30 April** | **6,000** | **70,594** | **0** | **76,594** |

## 2015/16 PARENT COMPANY

| DKK '000 | Share capital | Retained earnings | Proposed dividend | Total |
|---|---|---|---|---|
| Equity at 1 May | 5,000 | 39,587 | 0 | 44,587 |
| Net profit for the year | 0 | 8,627 | 0 | 8,627 |
| Exchange adjustment | 0 | 61 | 0 | 61 |
| Capital adjustments | 0 | (3,710) | 0 | (3,710) |
| Fair value adjustment of derivative financial instruments | 0 | 312 | 0 | 312 |
| **Equity at 30 April** | **5,000** | **44,877** | **0** | **49,877** |

*The share capital consists of 6,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.*
*The share capital is in 2016/17 increased by 1,000 shares of nominal DKK 1,000.*

# CONSOLIDATED CASH FLOW STATEMENT

## 1 MAY - 30 APRIL

| | Group | |
|---|---|---|
| DKK '000 | **2016/17** | **2015/16** |
| Profit for the year before tax | 20,738 | 11,048 |
| Amortisation and depreciation for the year | 8,735 | 7,535 |
| Changes in receivables | 12,815 | (3,556) |
| Changes in trade payables, other payables, etc | 5,002 | (1,009) |
| Exchange adjustments and other adjustments | 8,562 | (411) |
| **Cash flows from ordinary activities** | **55,852** | **13,607** |
| Corporation tax paid | (1,468) | 99 |
| **Cash flows from operating activities** | **54,384** | **13,706** |
| Purchase of intangible assets | (42,127) | (403) |
| Sale of intangible assets | 0 | 144 |
| Purchase of tangible assets | (1,508) | (3,486) |
| Sale of tangible assets | 327 | 1,042 |
| **Cash flows from investing activities** | **(43,308)** | **(2,703)** |
| Change in debt to mortgage credit institutes | (2,293) | 6,113 |
| Cash capital increase | 12,000 | 0 |
| **Cash flows from financing activities** | **9,707** | **6,113** |
| **Change in cash and cash equivalents** | **20,783** | **17,116** |
| Cash and cash equivalents at 1 May | 21,051 | 3,935 |
| Additions through acquisition | (4,518) | 0 |
| **Cash and cash equivalents at 30 April** | **37,316** | **21,051** |

*Cash and cash equivalents comprise cash at bank and in hand, and the portion of the item "bank loans" under short-term debt relating to operating activities.*

**0.18** **+84%** vs. 2016

Gearing ratio

**54.4 MIO DKK** **+297%** vs. 2016

Cash flow from operating activities

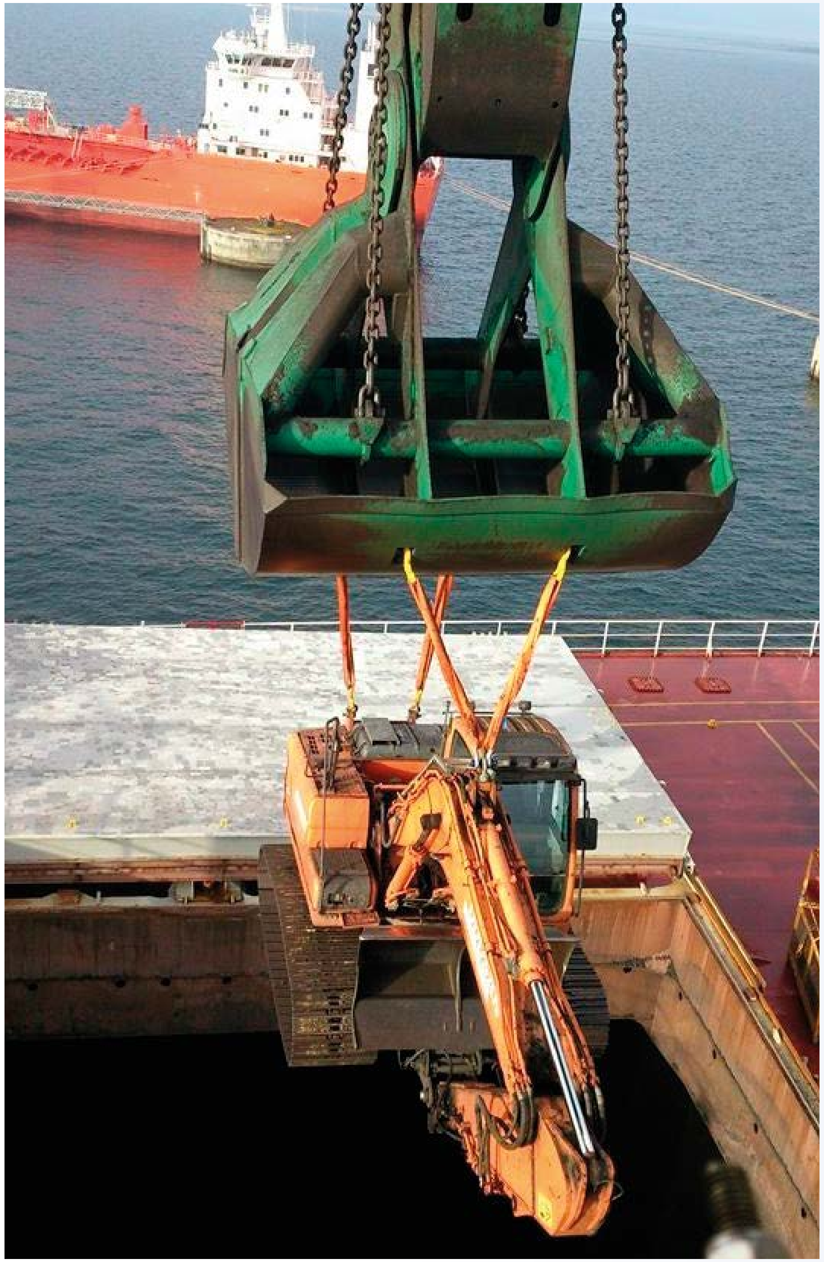
# NOTES TO THE ANNUAL REPORT

## 1
## SEGMENT INFORMATION

The Group's activities are considered one segment.

## 2
## STAFF EXPENSES

| DKK '000 | 2016/17 | 2015/16 |
|---|---|---|
| **Group** | | |
| Wages and salaries | 107,913 | 92,780 |
| Pensions | 6,595 | 5,629 |
| Other social security expenses | 9,248 | 4,481 |
| | **123,756** | **102,890** |
| Number of employees, including hired crew | **255** | **186** |
| Salaries and remuneration to the Board of Directors and the Executive Board amount to: | 3,238 | 3,098 |
| **Parent company** | | |
| Wages and salaries | 4,646 | 652 |
| Pensions | 239 | 0 |
| Other social security expenses | 22 | 0 |
| | **4,907** | **652** |
| Number of employees, including hired crew | **6** | **0** |
| Salaries and remuneration to the Board of Directors and the Executive Board amount to: | 3,238 | 652 |



## 3
## DEPRECIATION AND AMORTISATION

| DKK '000 | 2016/17 | 2015/16 |
|---|---|---|
| **Group** | | |
| Goodwill | 3,360 | 2,469 |
| Buildings | 2,471 | 2,451 |
| Fixtures and fittings, tools and equipment | 2,904 | 2,615 |
| | **8,735** | **7,535** |

## 4
## PROFIT FROM INVESTMENTS IN GROUP ENTERPRISES AND ASSOCIATES

| DKK '000 | 2016/17 | 2015/16 |
|---|---|---|
| **Parent Company** | | |
| Shares of profit for the year | 19,288 | 10,641 |
| Amortisation of goodwill | (1,717) | (926) |
| | **17,571** | **9,715** |
| **Profit from investments in group enterprises** | **17,571** | **9,715** |

## 5
## FINANCIAL INCOME

| DKK '000 | 2016/17 | 2015/16 |
|---|---|---|
| **Parent Company** | | |
| Intercompany interest | **62** | **430** |

## 6
## FINANCIAL EXPENCES

| DKK '000 | 2016/17 | 2015/16 |
|---|---|---|
| **Parent Company** | | |
| Intercompany interest | **50** | **127** |

## 7
## CORPORATION TAX

| | Group | | Parent Company | |
|---|---|---|---|---|
| DKK '000 | 2016/17 | 2015/16 | 2016/17 | 2015/16 |
| Current tax for the year | 3,520 | 1,836 | (465) | (230) |
| Tax concerning previous years | 1,450 | (673) | 0 | (614) |
| Adjustment of provision for deferred tax | (1) | 310 | 0 | 575 |
| **Total tax for the year** | **4,969** | **1,473** | **(465)** | **(269)** |
| Allocated as follows: | | | | |
| Tax in profit & loss | 4,969 | 2,431 | (465) | (357) |
| Tax on equity adjustments | 0 | (958) | 0 | 88 |
| **Total tax for the year** | **4,969** | **1,473** | **(465)** | **(269)** |

## 8
## DISTRIBUTION OF PROFIT

| DKK '000 | 2016/17 | 2015/16 |
|---|---|---|
| **Parent Company** | | |
| **Proposed distribution of profit** | | |
| Proposed dividend | 0 | 0 |
| Retained earnings | **15,769** | **8,627** |
| | **15,769** | **8,627** |

## 9
## INTANGIBLE ASSETS

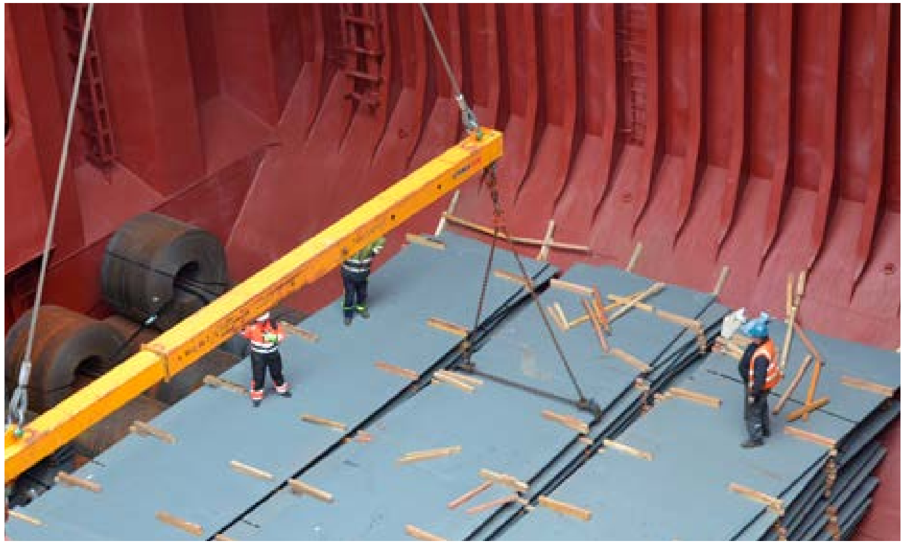
| DKK '000 | Goodwill |
|---|---|
| **Group** | |
| Cost at 1 May | 77,240 |
| Additions for the year | 42,127 |
| Disposals for the year | 0 |
| **Cost at 30 April** | **119,367** |
| Amortisation at 1 May | 36,986 |
| Amortisation for the year | 3,360 |
| **Amortisation at 30 April** | **40,346** |
| **Carrying amount at 30 April** | **79,021** |

## 10
## PROPERTY, PLANT AND EQUIPMENT

| DKK '000 | Land and buildings | Fixtures and fittings, tools and equipment |
|---|---|---|
| **Group** | | |
| Cost at 1 May | 109,620 | 52,624 |
| Additions aquisition | 0 | 9,586 |
| Additions for the year | 0 | 1,508 |
| Disposals for the year | 0 | (78) |
| **Cost at 30 April** | **109,620** | **63,640** |
| Depreciation at 1 May | 51,562 | 43,062 |
| Additions aquisition | 0 | 9,489 |
| Depreciation for the year | 2,471 | 2,904 |
| Reversed depreciation of disposals for the year | 0 | (78) |
| **Depreciation at 30 April** | **54,033** | **55,377** |
| **Carrying amount at 30 April** | **55,587** | **8,263** |
| **Including assets hold under finance lease** | **0** | **455** |

## 11
## FIXED ASSET INVESTMENTS

| DKK '000 | Other securities and equity investments |
|---|---|
| **Group** | |
| Cost at 1 May | 6 |
| Additions for the year | 0 |
| Disposals for the year | 0 |
| **Cost at 30 April** | **6** |
| Value adjustments at 1 May | (55) |
| Disposals for the year | 54 |
| **Value adjustments at 30 April** | **(1)** |
| **Carrying amount at 30 April** | **5** |



| DKK '000 | Investments in subsidiaries |
|---|---|
| **Parent Company** | |
| Cost at 1 May | 205,713 |
| Additions for the year | 39,036 |
| Disposals for the year | 0 |
| **Cost at 30 April** | **244,749** |
| Value adjustments at 1 May | (141,906) |
| Exchange adjustment | (373) |
| Shares of profit for the year | 17,571 |
| Other adjustments | (710) |
| Dividend | (14,400) |
| **Value adjustments at 30 April** | **(139,818)** |
| **Carrying amount at 30 April** | **104,931** |
| Remaining positive differences included in the above carrying amount at 30 April 2017 | 38,515 |

### THE PARENT COMPANY'S INVESTMENTS IN SUBSIDIARIES COMPRISE:

| Name | Place of reg. office | Votes and ownership |
|---|---|---|
| Shipping.dk A/S | Denmark | 100 % |
| Shipping.dk Road A/S | Denmark | 100 % |
| Shipping.dk Chartering A/S | Denmark | 100 % |
| Shipping Concultancy A/S | Denmark | 100 % |
| SDK Shipping A/S | Denmark | 100 % |
| TransFargo AB | Sweden | 100 % |
| SDK Shipping AB | Sweden | 100 % |
| SDK Shipping AS | Norway | 100 % |

## 12
## PREPAYMENTS

**Group/Parent company**

Prepayment comprise prepaid expenses relating to rent, insurance premiums, subscriptions and interest.

## 13
## DEFERRED TAX

| DKK ‘000 | **2017** | **2016** |
|---|---|---|
| **Group** | | |
| Deferred tax at 1 May | 3,717 | 2,687 |
| Years aquisition | (2,209) | 0 |
| Change for the year (Profit & Loss) | 1,450 | 1,030 |
| **Deferred tax at 30 April** | **2,958** | **3,717** |
| *Deferred tax relates to intangible assets, property, plant and equipment and other debt* | | |
| **Parent Company** | | |
| Deferred tax at 1 May | 0 | (576) |
| Change for the year | 0 | 576 |
| **Deferred tax at 30 April** | **0** | **0** |

## 14
## OTHER PROVISIONS

**Group**

Other provisions relate to restructuring liabilities concerning severance pay and leases not utilized.

All other provisions falls due within 5 years.

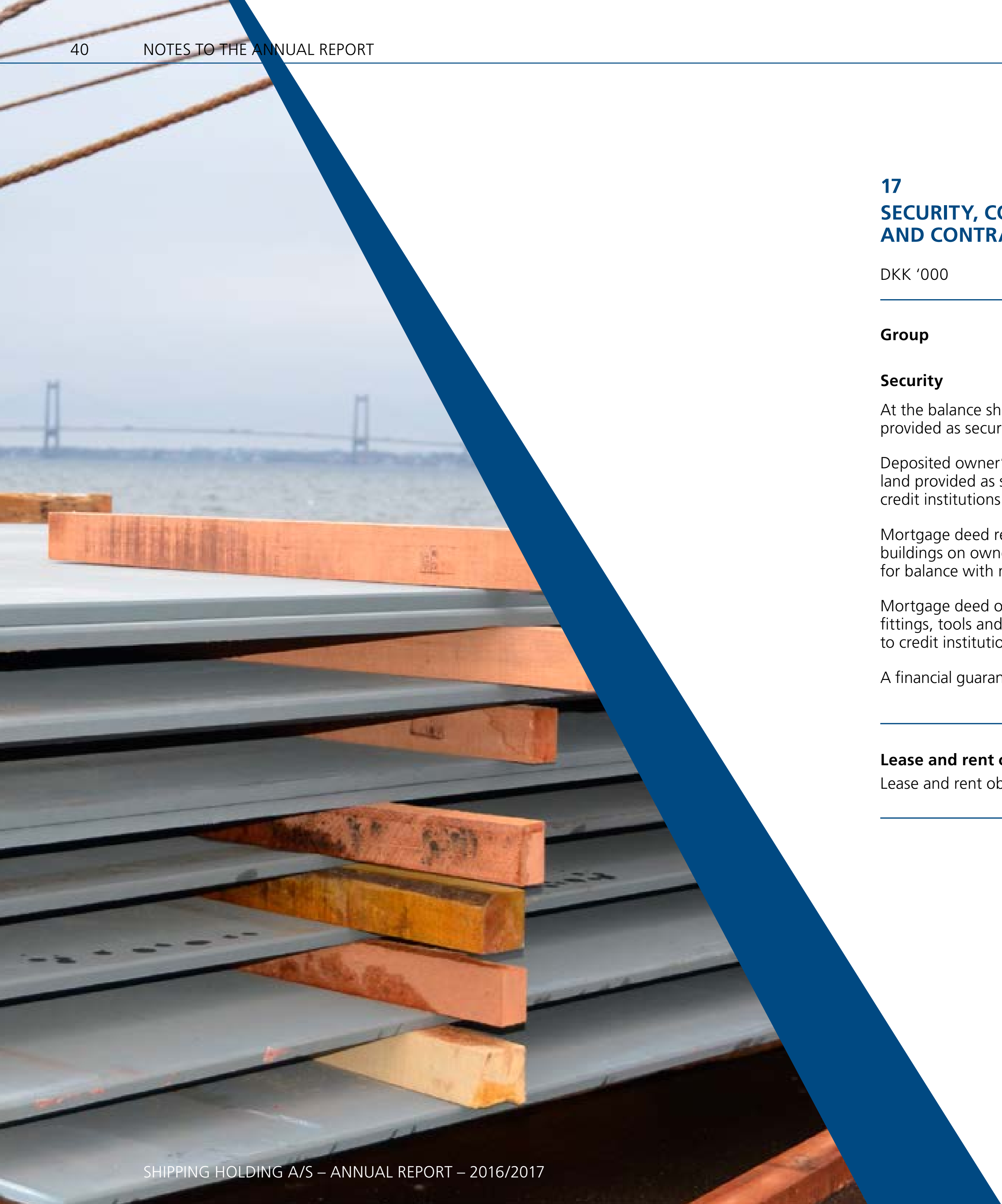
## 15
## LONG-TERM DEBT

**Group**

Of the long-term debt, DKK 32,073k falls due after more than 5 years.

## 16
## PREPAYMENT RECEIVED

Prepayments consist of received prepayments relating to income in the following year



## 17
## SECURITY, CONTINGENT LIABILITIES AND LEASE AND CONTRACTUAL OBLIGATIONS

| DKK '000 | 2017 | 2016 |
|---|---|---|
| **Group** | | |
| **Security** | | |
| At the balance sheet date, the carrying amount of the assets provided as security was | 55,587 | 54,618 |
| Deposited owner's mortgage on buildings on owned and leased land provided as security for balance with mortgage credit and credit institutions | 20,661 | 19,886 |
| Mortgage deed registered to the mortgagor with charge on buildings on owned and leased land has been provided as security for balance with mortgage credit and credit institutions | 45,993 | 45,991 |
| Mortgage deed on movable property with charge on fixtures and fittings, tools and equipment has been provided as security for debt to credit institutions | 4,300 | 4,300 |
| A financial guarantee has been provided through a mortgage bank | 0 | 987 |
| **Lease and rent obligations** | | |
| Lease and rent obligations | 90,848 | 35,046 |

## 17 (CONTINUED)
## SECURITY, CONTINGENT LIABILITIES AND LEASE AND CONTRACTUAL OBLIGATIONS

**Contingent liabilities**

The Group's Danish companies are jointly and severally liable for the tax on the Group's jointly taxed income etc. Total accrued corporation tax appears from the Annual Report of Selfinvest ApS which acts as management company in the jointly taxed group. Moreover, the Group's Danish enterprises are jointly and severally liable for Danish withholding tax. Any subsequent adjustments to the corporation tax or withholding tax may result in an increase of the Company's liability.

Considerable parts of the Company's activities are performed with basis in storage halls situated on leased sites. As is usual practice and according to the leases, the Company is obliged to surrender and yield up the sites in the state and condition in which they were taken over. It has not been possible to reliably calculate the amount which the Company may have to pay upon vacation of the storage halls as this is subject to material uncertainty. The possible restoration costs etc may be considerable. The leased sites are all subject to a long period of non-terminability on the part of the lessor (15-30 years) and are not expected to be vacated.

| DKK '000 | 2017 | 2016 |
|---|---|---|
| **Parent Company** | | |
| **Guarantees** | | |
| Guarantees provided as security for group companies' debt to mortgage credit institutes | 42,263 | 44,273 |
| Guarantees provided as security for group companies' debt to credit institutes | 463 | 523 |
| A payment guarantee has been provided to leasing companies, cars | 0 | 891 |
| **Lease and rent obligations** | | |
| Lease and rent obligations | 36 | 0 |

**Contingent liabilities**

The Group's Danish companies are jointly and severally liable for the tax on the Group's jointly taxed income etc. Total accrued corporation tax appears from the Annual Report of Selfinvest ApS which acts as management company in the jointly taxed group. Moreover, the Group's Danish enterprises are jointly and severally liable for Danish withholding tax. Any subsequent adjustments to the corporation tax or withholding tax may result in an increase of the Company's liability.

## 18
## RELATED PARTIES

Related parties comprise the Board of Directors, the Executive Board and senior executives in group enterprises as well as companies in which these persons have significant interests.

With reference to section 98 (C7) of the Danish Financial Statements Act, related party transactions details are not disclosed.

The Company is included in the Consolidated Financial Statements of the immediate Parent Company, A/S United Shipping & Trading Company.

Controlling interest is exercised through the Company's immediate Parent Company, A/S United Shipping & Trading Company. The Company's ultimate Parent Company which prepares Consolidated Financial Statements is Selfinvest ApS, in which Torben Østergaard-Nielsen, CEO, exercises control.

## 19
## FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING

| | Group | | Parent Company | |
|---|---|---|---|---|
| DKK '000 | 2016/17 | 2015/16 | 2016/017 | 2015/16 |
| **PricewaterhouseCoopers** | | | | |
| Audit | 487 | 400 | 65 | 50 |
| Non-audit services | 630 | 1,344 | 289 | 170 |
| **Total tax for the year** | **1,117** | **1,744** | **354** | **220** |

## 20
## SUBSEQUENT EVENTS

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

# ACCOUNTING POLICIES

## BASIS OF PREPARATION

The Annual Report of Shipping Holding A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from previous years.

The Annual Report for 2016/17 is presented in DKK thousands.

**Change in accounting policies**
The Group has implemented the changes resulting from amendments to the Danish Financial Statements Act that take effect at 1 January 2016, see Act No. 738 of 1 June 2015. The implementation has solely resulted in additional disclosure in the Annual Report compared with previous years.

**Recognition and measurement**
The Financial Statements have been prepared based on the historic cost principle.

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 Group, and the value of the asset can be measured reliably.

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

DKK is used as the measurement currency. All other currencies are regarded as foreign currencies.

**Basis of consolidation**
The Consolidated Financial Statements comprise the Parent Company, Shipping Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50 % of the votes 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.

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.

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). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

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.

**Leasing**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognized in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under the finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

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

All other leases are considered operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

**Translation policies**

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

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the paragraph on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

**Derivative financial instruments**

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

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

**Hedge accounting**

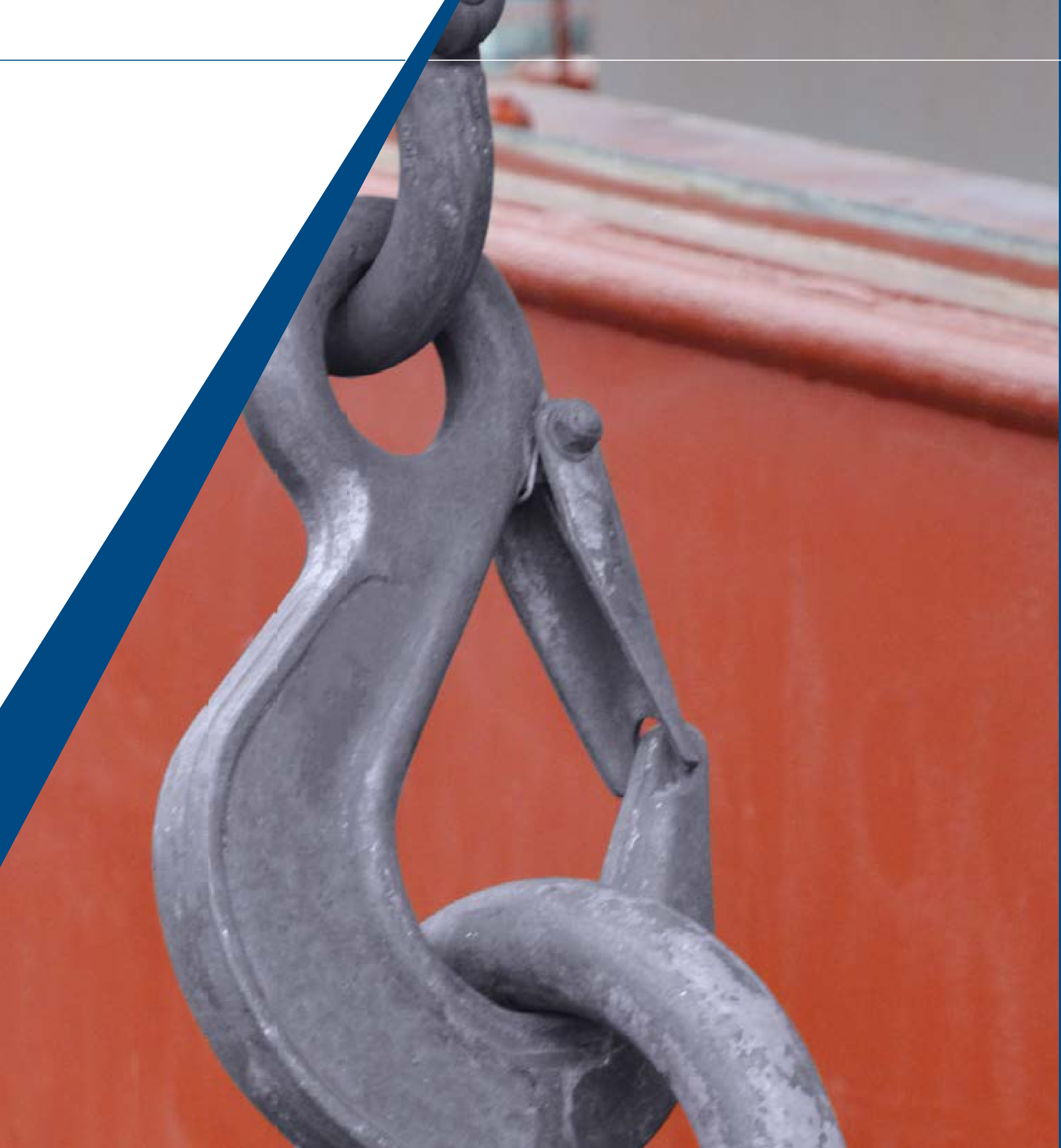
Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

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

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

**Segment information**

Segment information on activities is presented.



## INCOME STATEMENT

**Net revenue**
Revenue comprises the sale of goods and services and is recognised based on the following criteria:

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

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

**Direct cost**
Direct expenses include expenses for the purchase of goods for resale.

**Other external expenses**
Other external expenses include expenses for sales, administration as well as the running of office facilities, etc.

**Staff expenses**
Staff expenses comprise wages and salaries as well as payroll expenses.

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

**Income from investments in subsidiaries**
The item "Income from investments in subsidiaries" in the income statement of the Parent Company includes the proportionate share of net profit for the year less goodwill amortisation.

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

**Tax on profit/loss for the year**
Tax for the year consists of current tax for the year and adjustment of 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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

## BALANCE SHEET

**Intangible assets**
Intangible assets are measured at cost less accumulated amortisation.

The period of amortisation of goodwill is longest for enterprises acquired for strategic purposes with a strong market position and a long earnings profile.

Amortisation based on cost is calculated on a straight line basis over the expected useful lives of the assets, which are:

Goodwill................................max. 20 years

20 years are used when investment is considered a longer lasting strategic nature.

**Property, plant and equipment**
Property, plant and equipment are measured at cost less accumulated depreciation and 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.

Land is measured at cost. No depreciation is made on land.

Interest paid on loans raised for indirect or direct financing or production of property, plant and equipment is recognised in the income statement.

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

Buildings .................................10-60 years

Other fixtures and fittings,
tools and equipment ................. 3-12 years

Gains and losses on sale of property, plant and equipment are recognised in the income statement under other operating income and other external expenses, respectively.

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

the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

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

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

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

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

Gains or losses on disposal or liquidation of subsidiaries and associates are calculated as the difference between the sales sum or the liquidation amount and the carrying amount of net assets at the time of sale or liquidation, including unamortised goodwill and expected sales or liquidation expenses. Gains or losses are recognised in the income statement.

**Securities and investments**
Securities and investments recognised in fixed asset investments are recognised and measured at fair value.

**Inventories**
The cost of goods for resale, raw materials and consumables equals landed cost.

**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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

**Prepayments**
Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions, interest and hire on ships.

**Dividend**
Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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

**Deferred tax assets and liabilities**
Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

**Current tax receivables and liabilities**
Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year and adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

**Prepayments received**
Deferred income consists of payments received in respect of income in subsequent years.

**Financial debts**
Fixed-interest loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other 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.

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

**Cash flows from operating activities**
Cash flows from operating activities are calculated as the 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 the items "Cash at bank and in hand" under current assets as well as "Credit institutions" under short-term debt.

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

## DEFINITION OF FINANCIAL RATIOS

$$\text{Gross margin} = \frac{\text{Gross profit x 100}}{\text{Net revenue}}$$

$$\text{Operating margin} = \frac{\text{EBITDA x 100}}{\text{Net revenue}}$$

$$\text{Profit margin} = \frac{\text{Profit before financials x 100}}{\text{Net revenue}}$$

$$\text{Return on equity (ROE)} = \frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

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

$$\text{Solvency ratio} = \frac{\text{Equity at year end x 100}}{\text{Total assets}}$$

$$\text{Gearing ratio} = \frac{\text{Net interest bearing debt x 100}}{\text{EBITDA}}$$

Number of employees = Employees are converted to annual full-time employees


# MANY NAMES
ONE BRAND

SHIPPING.DK

SDK SHIPPING

SDK CRUISE

SDK LOGISTICS

FRANCK & TOBIESEN
PART OF SHIPPING.DK

TransFargo

Frederikshavn Shipping

P.F.C.
ESTABLISHED 1879
P.F.CLEEMANN SHIPPING

NORDTANK
OHLSSON & LINDE

RASMUS CHRISTENSEN
SHIPPING APS

FAC

PUCK.DK

OHLSSON & LINDE

thomas wang a/s

SHIPPING HOLDING A/S

# SHIPPING HOLDING A/S

SHIPPING.DK

SHIPPING.DK CHARTERING

SHIPPING.DK ROAD

SDK SHIPPING

SDK CRUISE

SDK LOGISTICS

TransFargo Part of SDK