A/S United Shipping & Trading Company

The Annual Report was presented and adopted at the Annual General Meeting on 4 July 2016

Chairman of the meeting Michael Keldsen

Financial year: 1 May 2015 – 30 April 2016
Turbinevej 10, DK-5500 Middelfart, company reg. no. 76 95 00 16

ANNUAL REPORT 2015/16

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USTC Headquarters

Key Figures and Financial Ratios

Five-year development

	2015/16 DKK mill	2014/15 DKK mill	2013/14 DKK mill	2012/13 DKK mill	2011/12 DKK mill
Profit					
Revenue	40,100	51,983	61,935	61,810	68,434
Profit before financial income and expenses	570	517	407	143	402
Net financials	(92)	24*	(72)	(19)	(48)
Profit before tax	487	547*	335	125	357
Net profit for the year	411	410*	280	81	291
Balance sheet					
Balance sheet total	7,269	8,068	8,040	7,988	7,649
Equity	2,272	2,193	1,543	1,337	1,329
Cash flows					
Cash flows from:					
- operating activities	464	535	451	28	(162)
- investing activities	(261)	(157)	(165)	(540)	(476)
hereof investment in property, plant and equipment and intangible assets:	(130)	(133)	(130)	(538)	(342)
- financing activities	(518)	263	(126)	321	293
Change in cash and cash equivalents for the year	(316)	640	160	(191)	(345)
Ratios (%)					
Gross margin	5.6 %	3.9 %	2.6 %	2.6 %	2.1 %
Profit margin	1.4 %	1.0 %	0.7 %	0.2 %	0.6 %
Return on equity	18.4 %	21.9 %	19.5 %	6.1 %	24.7 %
Liquidity ratio	1.46	1.44	1.24	1.22	1.18
Solvency ratio	31.3 %	27.2 %	19.2 %	16.7 %	17.4 %
Number of employees	1,488	1,376	1,251	1,154	904

For definitions, see Accounting Policies.

** Includes a non-recurring financial income of DKK 80 mill before tax (DKK 65 mill after tax) from a legal case.*

Management's Review

ACTIVITIES

The Group has activities within three segments:

- Bunkers
- Shipowning
- Shipping and logistics

Bunkers
Purchase, sale, mediation and supply of bunkers and lubricating oil for ships as well as various naturally related services. The activities take place on a worldwide basis with customers primarily within the shipowning, shipping and transport industries. Within bunkers the Company is clearly one of the world's biggest players in the industry.

Shipowning
The Company operates a global fleet of modern and flexible product and chemical tankers with focus on high security and quality in sizes up to 20,000 DWT. The fleet comprises 17 own ships as well as chartered ships and ships under management. At the end of the financial year, the fleet at disposal comprised a total of 50 ships, and the tonnage available under the Company's activities totals 450,000 DWT.

Shipping and logistics
Activities include stevedoring and warehousing, agency, customs clearing, commercial chartering, liner services, cruise services and freight forwarding (road, air and sea). The logistics services are performed on the basis of more than 100,000 m^2 multi harbour terminals in Denmark. The Company operates a fleet of coasters and has approximately 250 lorries on the roads daily. Moreover, the Company has a number of offices abroad.

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.

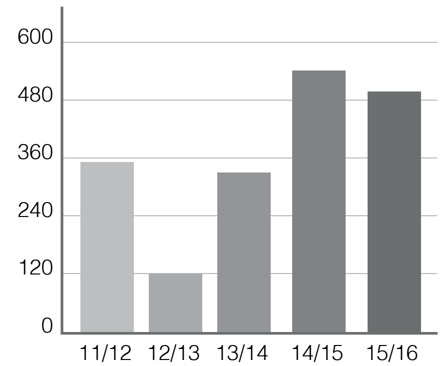
DEVELOPMENT IN THE YEAR

The USTC Group achieved revenue of DKK 40,100 million and all-time high profit after tax of DKK 411 million. At the end of the year, equity amounted to DKK 2,272 million corresponding with a solvency ratio of 31 %.

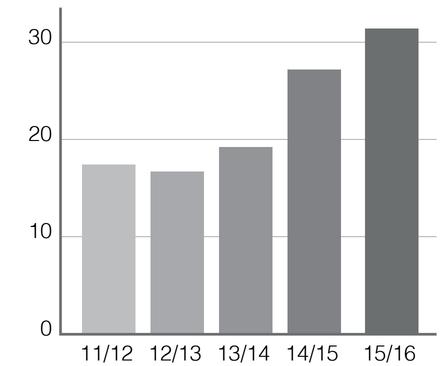
Compared to last year, revenue of the year shows a decline of 23 %. Group revenue consists primarily of revenues from trading with bunkers and the lower turnover reflects the lower oil prices seen in the recent year. Volume traded has grown substantially during the year and has thus had a positive impact on the performance.

In the comparison figures for 2014/15 the financial income was positively affected by a DKK 80 million interest income from an old legal case. When disregarding this item of non-recurring character from the comparison numbers, the year 2015/16 shows an increase of 19 % in the net profit for the year.

Profit before tax in DKK mill



Solvency ratio percentage



The New Little Belt Bridge, Middelfart, Denmark

The bunker activities are still the main contributor to the profits but the shipowning division has shown a significant growth in earnings. The improvement is a result of the optimisations implemented in recent years along with a positive market situation during 2015/16.

The USTC Group has maintained a very strong financial position with a solid equity base and solvency ratio. During the year the business areas bunker and shipowning have renewed their loan arrangements with banks and thus the majority part of the interest bearing debt of the Group is now based on bank commitments with a maturity of 3-5 years.

The profit for the year is in line with expectations prior to the beginning of the year and the management considers the profit satisfactory.

Bunkers

The bunker business area achieved revenue of DKK 37,841 million and a profit before financial items of DKK 448 million.

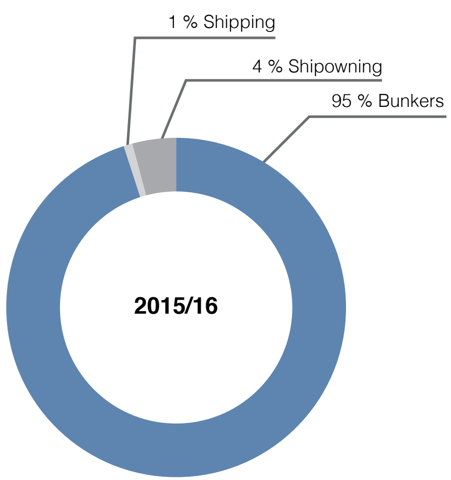
After a couple of years with modest growth in volume handled a 31 % increase from last year was seen in 2015/16. The growth was split between traditional trading businesses, further physical operations and the addition of a brokering arm as a supplemental sales channel.

During the latest two years the bunker business has established physical operations in niche areas as well as sourcing entities in the main bunkering ports in the world. These entities have given the bunker business a strong competitive edge and access to new customer segments. This path will be followed to increase the competitiveness and pave the way for additional market shares despite the tough market situation.

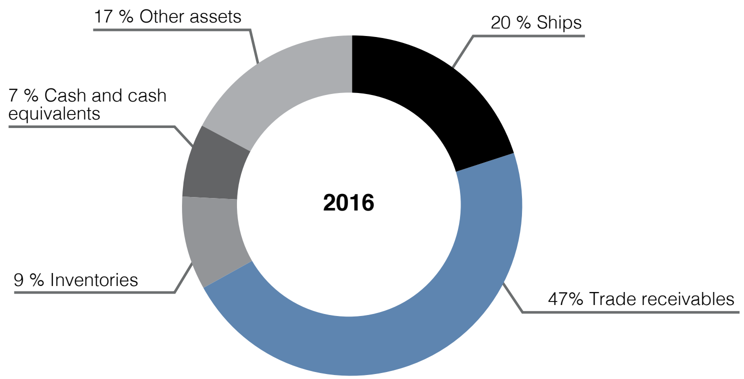
During the year a new 3-year committed financing facility with existing banks as well as new banks was entered into. It is seen as a strong acknowledgment from the bank relations that the bunker business is able to achieve significant long term credit facilities without giving pledge in its trade receivables. It is not common for companies in the bunker industry to have a track record strong enough to achieve such conditions.

The management expects further growth in volumes sold for the financial year 2016/17, whilst a decline is expected in earnings due to the current market conditions with fierce competition amongst the market participants due to the imbalance in supply/demand.

Segments' share of revenue



Division of assets



Shipowning
The year 2015/16 was a record year for the shipowning activities ending with record high revenues of DKK 1,704 million and a best-ever profit of DKK 113 million before financial items. These achievements clearly exceed the expectations prior to the beginning of the year.

During the year the business area has grown to a total of 50 vessels at disposal of which 17 are owned and 33 are under time charter. This growth has placed the Company among the world's largest chemical tanker operators in the segment below 20,000 DWT.

To maintain a strong focus on optimisation of the current business the Company has during the year had cost saving programs, streamlining of processes, energy optimisation of the vessels and optimising of IT systems as high priority areas.

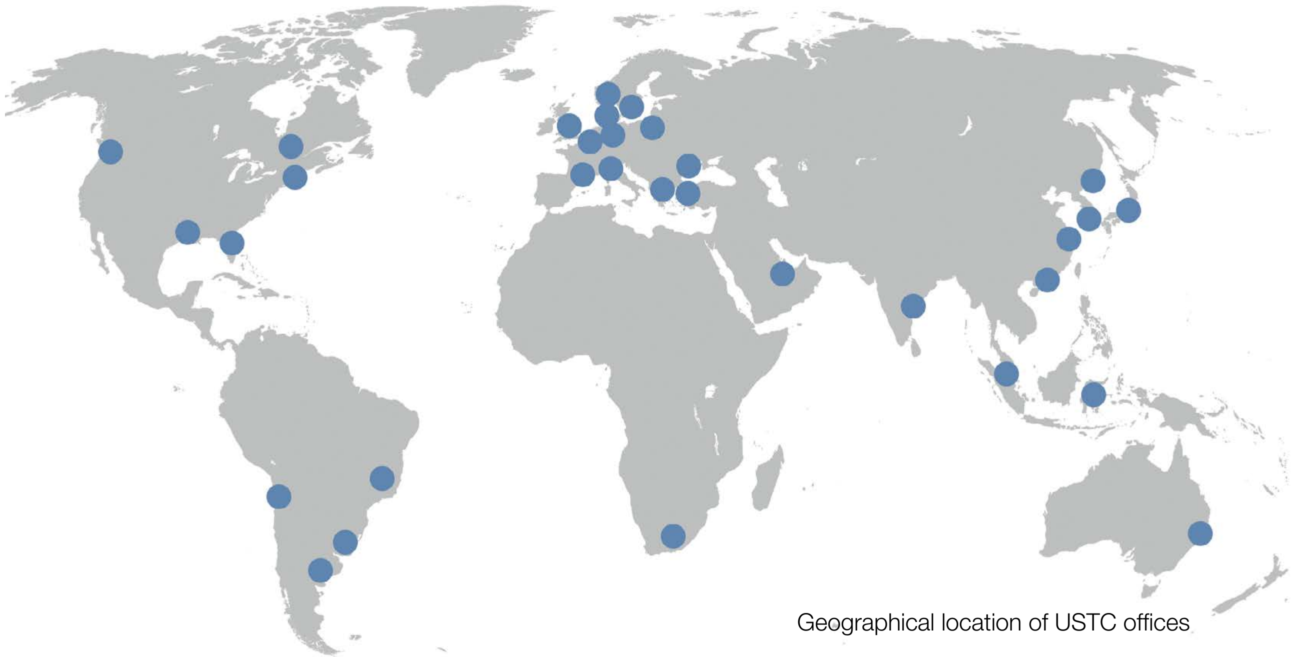
In 2015/16 a new financing agreement was achieved for the vessel financing. As a consequence of the new agreement the parent company injected approx DKK 200 million in cash capital, and in addition Danske Bank converted approx DKK 200 million of ship loans to equity in the shipowning company. The bank has thus become a shareholder, but the Group has an exclusive repurchase option of Danske Bank's shareholding in Uni-Tankers A/S. As a result of the refinancing the ship loans have been reduced substantially. The Group's fleet financing is now at market terms and financing is secured until the end of April 2021.

The business area expects to be able to further position itself as a leading operator of intermediate and small tanker vessels in the year to come. Basis the present market conditions and outlook expectations for next year, the expected result for 2016/17 is slightly lower than the result achieved in 2015/16.

Shipping and logistics
The shipping and logistics activities achieved revenue of DKK 543 million and a profit before financial income and expenses of DKK 14 million.

Compared to last year the profit has increased by 38 % achieved by a combination of new business and organic growth and optimisation of existing business.

Strong efforts have been invested in the development and rationalisation of the activities and the Company's entities. The growing profitability is considered a result of a strong and focused implementation of the Company's strategy together with a very strong performing and motivated staff of employees.



Geographical location of USTC offices

New businesses have been established during the year and they have managed to contribute positively to the profits of the Company already in their first year of operation. The new businesses include cruise handling.

The market situation is still challenging for the business area but due to the improvements and optimisations implemented, the management expects growth in both activities and profits in 2016/17.

Strategy and objective

The objective of the USTC Group is, on a continuous basis, to develop its business in line with the customers' wishes and requirements. The Group wants to be known for its high-quality services and deliveries, and trading must comply with the highest Danish and international standards.

The Group focuses on strong organic growth, but is ready to enter into strategic alliances and make acquisitions when the opportunities arise.

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. Thorough internal procedures are in place to minimise the credit risks and the international conventions for obtaining maritime lien for bunker deliveries mitigates the negative impact from defaulting payers. In addition, the Group insures the credit risk on certain receivables where considered adequate due to the credit worthiness of the counter party or the size of the credit exposure.

Interest rate risks

The Group's interest-bearing debt is mainly based on variable interest rates, and therefore earnings are 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.

Oil price risk

The Group's trading activities are back-to-back trading, where sale and purchase are done simultaneously and thus without any open positions. As for the physical activities, the Group possesses stocks but as the oil price risk is hedged, the Group has almost no exposure to deviations in the oil price. When the Group enters into fixed price agreements the oil price exposure from such contracts is also hedged to reduce the price risk.

Trading risks

The Group's trading activities are widely spread on the various shipping segments and no single customer or supplier has a significant part of the Group's sales or purchases. Deliveries take place widely spread over the world and as such geographical or political uncertainty in specific parts of the world should not affect the Group's activities significantly.

The Group is exposed to the commercial risks that follow from the general freight market fluctuations. The commercial risk for the Group's vessels operated in a time charter equivalent sharing (TCE) pool is considered reduced compared to operating the vessels in the spot market. Focus is on maintaining a healthy balance between spot business and covered business, being by Contracts of Affreightment, time charters etc.

The Group's fleet of 50 vessels consists of 34 percent own vessels and 66 percent time chartered vessels. As the time charter hire is fixed over the charter period, the Group is exposed to the commercial risk of a falling market, as well as other commercial risks. The Group's policy is to balance the risk between short term, medium term and long term charter hire periods.

CORPORATE SOCIAL RESPONSIBILITY

(cf. Section 99 a of the Danish Financial Statements Act)

USTC Group policy focuses on 5 main areas:
- Health & Safety
- Staff Development
- Environment
- Community Engagement
- Human Rights

Health & Safety

Everywhere in the Group, we seek to create satisfactory and optimum working conditions for our employees. In 2015/16 we have continued to plan and perform our work with the highest possible consideration and care for their well-being. Routines ensuring the health and safety of our employees are continually developed and improved with the aim of attaining the best possible foundation for happy, healthy and productive staff.

Staff Development

USTC emphasises open and honest communication internally in the Group as well as with all other stakeholders of the Group. Trust is essential in every aspect of our business and helps create the kind of work environment, cooperation and business relationships that inspire, motivate and add true value.

To ensure the welfare, job satisfaction and motivation of our employees, we provide ample opportunity for them to continually develop their professional and personal competencies through internal and external education and training programs.

Management considers staff development a key factor in the further development of our Group, and employees are encouraged and expected to seek out courses and training that keep their professional and personal skills sharp and up-to-date at all times to the overall benefit of the Group and the employees themselves.

Environment

Being a Group specialising in oil trading and operation of ships and logistic services, we do whatever in our capacity to reduce the impact on the environment. Particularly important areas of focus in our line of business are prevention of oil spill and energy optimisation of our vessels as well as constantly being on the lookout for ways to improve environmental and operational performance.

Our subsidiaries have in 2015/16 continued to be actively engaged in projects to lower sulphur emissions, and we recycle and seek to reduce power consumption wherever and whenever possible with the aim of protecting our surroundings and the climate from human-induced harm and hazards.

For our vessels several new initiatives have been taken during the year, among others application of new generation hull coating, offline main engine lubrication oil filtration, and testing of LED lights in the engine rooms.

All of which are initiatives that have proven to have great positive impact on energy consumption on board our vessels. Together with the full-year effect of actions taken in previous years, we have achieved a significant reduction in the average fuel consumption per tonne mile.

In the terms of developing and supporting alternative fuels for the shipping industry in the Northern part of Europe we are in the forefront. In 2015/16 we have been stakeholder in a project developing the availability to LNG as bunker fuel.

Community Engagement
Our focus on the individual human being reflects our own organisation with subsidiaries across the globe actively engaged in community projects of various kinds.

The Group has been engaged in various non-profit projects throughout 2015/16. We aim to support development in areas of the world were the social standards are not at the same level as in the developed countries. Some of the initiatives we have supported in the financial year 2015/16 are:

- Fundraising campaigns for vulnerable groups
- Economical support to street kitchens in India
- Economical support to a kindergarten in South Africa

Human Rights
USTC Group does not have a separate policy on human rights.

REPORT ON GENDER COMPOSITION IN MANAGEMENT

(cf. Section 99 b of the Danish Financial Statements Act)

Targets for the underrepresented gender on the Board of Directors
USTC Board of Directors is the supreme management body in the company and currently consists of 7 members. Today the percentage of female members of the board elected by the shareholder's committee is zero. The target for the underrepresented gender is set as 20 % for 2017 and 35 % for 2019.

The gender composition in the Board of Directors did not change in 2015/16 as the members were reelected at the general assembly. In an effort to achieve the target, USTC Group will ensure to have the underrepresented gender on the list of candidates. USTC Group does, however, reserve the right to decide on the most qualified candidate regardless of gender.

Policy for the underrepresented gender at other management levels
We recruit reliable, respectful and competent professionals of any orientation. Our policy is that all employees, irrespective of gender, nationality, skin colour, sexual orientation and religion, must have equal career and management opportunities. This philosophy is supported by our openminded, unprejudiced culture which allows each individual employee to make the best possible use of his/her skills.

Likewise, USTC Group's internal management training programs are available to anyone with the right skills. When recruiting new colleagues, we evaluate the professional and personal skills of candidates. In our view, gender says nothing about a person's competencies, level of commitment or ability to cooperate with others which is why it is no decisive factor for us. In the USTC Group offices across the world, our highly skilled staff – male and female – works together in making the most of their talents.

The industry in which we operate is characterised by a high degree of multiplicity – and so is USTC Group. We believe that as an international group with business partners across the globe it is not just a great advantage to be represented by employees with different cultural backgrounds and nationalities. It is an absolute must.

During 2015/16 we have implemented mobility programs for all our employees. The program ensures that employees with the best skills always are hired for right positions, no matter of gender, nationality, skin colour, sexual orientation and religion.

COMPLIANCE

At USTC Group, we know that every lasting business relationship is based on mutual trust and respect. We also know that trust is earned and should not be taken for granted. Keeping promises and meeting expectations are keys to building a trustful relation where two parties can rely on each other.

Quality, proactivity and attention to detail must characterise everything we do. This means that we always strive to create value for our customers and suppliers in any way that we can, and that we aim to avoid unnecessary bureaucracy and obsolete routines. We set high standards for our employees and expect initiative from all, while at the same time displaying a high degree of humanity and compassion.

Competition & Anti-corruption
It is a fundamental principle that USTC Group must act in full compliance with applicable competition laws and anticorruption laws. Due to the global nature of our activities, it is imperative that USTC Group complies with all relevant rules and legislation in those countries where the Group operates.

The Group's activities are subject to a number of anticorruption laws, i.a. the Danish Criminal Code, the UK law against corruption (the UK Bribery Act) and the American anti-corruption law (the U.S. Foreign Corrupt Practices Act).

The Group entities have introduced compliance programs to ensure that the Group has adequate procedures to prevent fraudulent behaviour among individuals within the Group or persons associated with the Group.

Compliance Programs
It is USTC Group's policy that all board members, managers and employees must have a general understanding of competition and anti-corruption laws and possesses the tools and knowledge necessary to ensure that the Group acts in full compliance herewith. Furthermore, it is our policy that all board members, managers and employees must demonstrate proper business ethics and code of conduct.

USTC Group's management assists in ensuring that we act in compliance with competition law and anti-corruption law.

Employees must always report to management both in clear-cut cases and cases of doubt. Employees are encouraged to consult management with any questions or grey-zone matters.

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 freight market, the oil price development and the general structure of the oil market.

In the financial year 2016/17, the management expects to strengthen the Group's position within the three business areas. Based upon the present market condition and outlook expectations for the year the earnings are expected slightly lower than in the year just ended.

SUBSEQUENT EVENTS

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

Board of Directors

Klaus Nyborg
Chairman

Born in 1963.
Board member since 2012 and Chairman since 2014.
Professional board member and investor.

Special competences
Global experience with management of listed shipping companies incl. CEO of Pacific Basin Shipping, Hong Kong. Strategic and financial expertise as well as in-depth knowledge of risk management.

Other directorships
Chairman of the boards in Norden A/S and Bawat A/S. Vice Chairman of the boards in Uni-Tankers A/S and Bunker Holding A/S. Member of the boards in Odfjell SE, Karen og Poul F. Hansens Familiefond and DFDS A/S.

Education
Msc in Business & Law, Copenhagen Business School supplemented with management courses at London Business School and IMD.

Torben Østergaard-Nielsen
Board member

Born in 1954.
Board member since 1994.
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 several USTC Group companies. Chairman of the board in Middelfart Bycenter A/S. Member of the boards in H.J. Hansen Holding A/S, Fayard A/S, Fiberline A/S, Gottfred Petersen Holding A/S and Angel Holding ApS.

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

Morten H. Buchgreitz
Board member

Born in 1967.
Board member since 2014.
Member of the Group Executive Management of DONG Energy A/S (Distribution and Customer Solutions).

Special competences
Extensive and in-depth knowledge and experience with economics and finance, including credit and risk management.

Other directorships
Chairman and member of the boards in several DONG Energy Group companies. Member of the boards in Bunker Holding A/S and Uni-Tankers A/S.

Education
MSc in Business Administration and Computer Science.

Peter Frederiksen
Board member

Born in 1963.
Board member since 2012.
Member of the Executive Board of Hamburg Süd (Sales & Marketing).

Special competences
Extensive experience within the shipping industry from leading global positions in liner shipping at A.P. Møller Mærsk for more than 25 years and Hamburg Süd for 8 years. Broad management and strategy skills as well as financial experience.

Other directorships
Chairman of the boards in Sund & Bælt Holding A/S, A/S Storebælt, A/S Øresund, Femern A/S and A/S Femern Landanlæg. Member of the boards in Bunker Holding A/S and Uni-Tankers A/S.

Education
Shipping education at A.P. Møller Mærsk supplemented with management training at INSEAD and Cornell University.

Torben Janholt
Board member

Born in 1946.
Board member since 2010.
Professional board member.

Special competences
Extensive background and global experience within the shipping industry, primarily through his 28 years with J. Lauritzen A/S, the last 14 years as CEO, and as chairman of the Danish Shipowners' Association from 2005-2009.

Other directorships
Chairman of the board in Otto Suenson A/S. Member of the boards in Bunker Holding A/S, Uni-Tankers A/S, Torm A/S and PostNord.

Education
Bachelor of Commerce supplemented with executive management training at IMD and IESE.

Michael Keldsen
Board member

Born in 1950.
Board member since 1994. Chairman of the board from 2004-2014.
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 Bunker Holding A/S, Uni-Tankers A/S, Shipping 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).

Peter Korsholm
Board member

Born in 1971.
Board member since 2014.
Professional board member and investor.

Special competences
Extensive experience from private equity and developing international companies, as well as mergers & acquisitions, financing and management of financial risks.

Other directorships
Chairman of the boards in Lomax A/S, GDL Transport AB, DSVM Renovation A/S and Nymølle Stenindustrier A/S. Member of the boards in Bunker Holding A/S, Uni-Tankers A/S, RebelPenguin Aps, DSV Miljø Holding A/S and certain subsidiaries.

Education
MBA from INSEAD, MSc from London School of Economics, BA from University of Copenhagen.

Torben Østergaard-Nielsen
Board member

Born in 1954.
Board member since 1994.
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 several USTC Group companies. Chairman of the board in Middelfart Bycenter A/S. Member of the boards in H.J. Hansen Holding A/S, Fayard A/S, Fiberline A/S, Gottfred Petersen Holding A/S and Angel Holding ApS.

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

Jesper Klokker Hansen
Group CFO

Born in 1964.
Joined the USTC Group in 2004.
Member of the Executive Board and Group CFO in A/S United Shipping & Trading Company since 2014.

Special competences
Strong experience and in-depth knowledge within financial management, funding, risk management, IT and strategy.

Other directorships
Chairman and member of the boards in several Bunker Holding Group companies. Member of the boards in FJ Industries A/S and TOGT Ejendomsudvikling A/S.

Education
Holds a Diploma in Business Administration and Economics supplemented by executive management training at INSEAD and Columbia Business School.

USTC Headquarters

Income Statement
1 May - 30 April

	Note	Group		Parent Company	
		2015/16	2014/15	2015/16	2014/15
		DKK '000	DKK '000	DKK '000	DKK '000
Revenue	1	**40,100,042**	**51,983,357**	**0**	**0**
Direct expenses		37,874,188	49,975,329	0	0
Gross profit		**2,225,854**	**2,008,028**	**0**	**0**
Other operating income		13,014	16,809	0	1,794
Other external expenses		516,704	539,789	1,000	3,788
Staff expenses	2	953,623	805,725	0	0
Depreciation, amortisation and impairment losses	3	198,251	162,161	0	0
Profit before financial income and expenses		**570,290**	**517,162**	**(1,000)**	**(1,994)**
Profit from investments in					
group enterprises and associates		8,105	6,428	413,659	394,753
Financial income		55,873	177,298	3,791	24,558
Financial expenses		147,627	153,594	6,148	2,753
Profit before tax		**486,641**	**547,294**	**410,302**	**414,564**
Tax on profit for the year	4	73,232	126,093	(739)	4,639
Profit before minority interests		**413,409**	**421,201**	**411,041**	**409,925**
Minority interests' share of profit in group enterprises		(2,368)	(11,276)	0	0
Net profit for the year		**411,041**	**409,925**	**411,041**	**409,925**

Distribution of profit

Proposed distribution of profit				
Proposed dividend			220,000	175,000
Extraordinary divided			100,000	0
Reserve for net revaluation under the equity method			(235,848)	241,847
Retained earnings			326,889	(6,922)
			411,041	**409,925**

Balance 30 April

Assets

	Note	Group		Parent Company	
		2016	2015	2016	2015
		DKK '000	DKK '000	DKK '000	DKK '000
Software		17,560	14,339	0	0
Goodwill		277,455	197,425	0	0
Intangible assets	5	**295,015**	**211,764**	**0**	**0**
Land and buildings		156,501	153,883	0	0
Ships and equipment		1,424,523	1,479,048	0	0
Fixtures and fittings, tools and equipment		44,226	59,944	0	0
Leasehold improvements		332	246	0	0
Prepayments for property, plant and equipment		372	0	0	0
Property, plant and equipment	6	**1,625,954**	**1,693,121**	**0**	**0**
Investments in subsidiaries		0	0	2,250,922	2,148,497
Investments in associates		11,214	13,284	0	0
Other receivables		2,582	2,102	0	0
Fixed asset investments	**7**	**13,796**	**15,386**	**2,250,922**	**2,148,497**
Fixed assets		**1,934,765**	**1,920,271**	**2,250,922**	**2,148,497**
Inventories		**661,791**	**512,995**	**0**	**0**
Trade receivables		3,396,452	4,371,734	0	0
Minority interests	10	82	90	0	0
Other receivables	8	602,639	608,387	1,834	2,521
Receivables from group enterprises		51	0	0	0
Receivables from associates		12,292	12,048	0	0
Prepayments		66,337	49,345	45	46
Corporation tax		82,918	20,802	0	0
Deferred tax asset	11	11,622	71,747	0	0
Receivables		**4,172,393**	**5,134,153**	**1,879**	**2,567**
Securities		**137,516**	**132,183**	**136,752**	**130,077**
Cash at bank and in hand		**362,382**	**368,154**	**2,109**	**29,607**
Current assets		**5,334,082**	**6,147,485**	**140,740**	**162,251**
Assets		**7,268,847**	**8,067,756**	**2,391,662**	**2,310,748**

Balance 30 April

Liabilities and Equity

	Note	Group		Parent Company	
		2016	2015	2016	2015
		DKK '000	DKK '000	DKK '000	DKK '000
Share capital		4,900	4,900	4,900	4,900
Revaluation reserve		0	5,530	0	0
Reserve for net revaluation					
under the equity method		10,064	6,650	1,519,031	1,812,095
Retained earnings		2,037,130	2,001,189	528,163	201,274
Proposed dividend for the year		220,000	175,000	220,000	175,000
Equity	9	**2,272,094**	**2,193,269**	**2,272,094**	**2,193,269**
Minority interests	10	**198,950**	**1,048**	**0**	**0**
Provision for deferred tax	11	18,523	18,320	0	0
Pension obligations		170	120	0	0
Other provisions	12	154	162	0	0
Provisions		**18,847**	**18,602**	**0**	**0**
Mortgage debt		74,540	77,302	0	0
Credit institutions		1,042,941	1,494,086	29,897	69,979
Lease payables		403	687	0	0
Long-term debt	13	**1,117,884**	**1,572,075**	**29,897**	**69,979**
Short-term part of					
long-term debt		95,875	88,989	39,861	39,988
Credit institutions		1,013,679	698,231	36,370	0
Trade payables		1,880,345	2,821,018	0	0
Prepayments received		258,378	190,490	0	0
Payables to associates		1,828	1,218	0	0
Payables to group enterprises		1,807	4,282	9,035	1,773
Deferred income		19,293	21,970	0	0
Corporation tax		73,149	96,916	3,805	4,646
Other payables		316,718	359,648	600	1,093
Short-term debt		**3,661,072**	**4,282,762**	**89,671**	**47,500**
Debt		**4,778,956**	**5,854,837**	**119,568**	**117,479**
Liabilities and equity		**7,268,847**	**8,067,756**	**2,391,662**	**2,310,748**
Security etc	14				
Related parties	15				
Fee to auditors appointed at the					
general meeting	16				

Equity

Group

2015/16	Share capital	Revaluation reserve	Reserve under the equity method	Retained earnings	Proposed dividend	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 May	4,900	5,530	6,650	2,001,189	175,000	2,193,269
Dividend paid	0	0	0	(100,000)	(175,000)	(275,000)
Net profit for the year	0	(5,530)	3,699	192,872	220,000	411,041
Capital adjustments	0	0	(285)	(56,931)	0	(57,216)
Equity at 30 April	**4,900**	**0**	**10,064**	**2,037,130**	**220,000**	**2,272,094**

2014/15	Share capital	Revaluation reserve	Reserve under the equity method	Retained earnings	Proposed dividend	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 May	4,900	6,187	2,130	1,430,096	100,000	1,543,313
Dividend paid	0	0	0	0	(100,000)	(100,000)
Net profit for the year	0	(657)	2,202	233,380	175,000	409,925
Capital adjustments	0	0	2,318	337,713	0	340,031
Equity at 30 April	**4,900**	**5,530**	**6,650**	**2,001,189**	**175,000**	**2,193,269**

Equity

Parent Company

2015/16	Share capital	Reserve under the equity method	Retained earnings	Proposed dividend	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 May	4,900	1,812,095	201,274	175,000	2,193,269
Dividend paid	0	0	(100,000)	(175,000)	(275,000)
Net profit for the year	0	(235,848)	426,889	220,000	411,041
Capital adjustments	0	(57,216)	0	0	(57,216)
Equity at 30 April	**4,900**	**1,519,031**	**528,163**	**220,000**	**2,272,094**

2014/15	Share capital	Reserve under the equity method	Retained earnings	Proposed dividend	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 May	4,900	1,230,217	208,196	100,000	1,543,313
Dividend paid	0	0	0	(100,000)	(100,000)
Net profit for the year	0	241,847	(6,922)	175,000	409,925
Capital adjustments	0	340,031	0	0	340,031
Equity at 30 April	**4,900**	**1,812,095**	**201,274**	**175,000**	**2,193,269**

Cash Flow Statement 1 May - 30 April

	Group	
	2015/16	2014/15
	DKK´000	DKK´000
Profit for the year before tax	486,641	547,294
Amortisation and depreciation for the year	198,251	162,161
Changes in receivables	963,263	654,969
Changes in provisions	42	(3,444)
Changes in inventories	(148,796)	(227,168)
Changes in trade payables, other payables, etc	(920,257)	(505,666)
Exchange adjustments and other adjustments	(16,736)	(4,399)
Cash flows from ordinary activities	**562,408**	**623,747**
Corporation tax paid	(98,787)	(88,919)
Cash flows from operating activities	**463,621**	**534,828**
Business acquisition	(130,890)	(18,467)
Purchase of intangible assets	(9,524)	(39,188)
Sale of intangible assets	151	0
Purchase of property, plant and equipment	(135,782)	(100,814)
Sale of property, plant and equipment	14,713	6,956
Purchase of financial fixed assets	0	(7,129)
Sale of financial fixed assets	0	1,434
Cash flows from investing activities	**(261,332)**	**(157,208)**
Change in debt to mortgage credit institutes and credit institutions	(446,955)	367,303
Changes in lease payables	(350)	(323)
Dividend received from associates	8,420	4,226
Dividend paid	(275,000)	(100,000)
Minority interests	195,591	(8,688)
Cash flows from financing activities	**(518,294)**	**262,518**
Change in cash and cash equivalents	**(316,005)**	**640,138**
Net cash and cash equivalents at 1 May	(197,894)	(842,500)
Additions through acquisition	118	4,468
Net cash and cash equivalents at 30 April	**(513,781)**	**(197,894)**

Net cash and cash equivalents comprise cash at bank and in hand, securities and the portion of the item “bank loans” under short-term debt relating to operating activities.

Notes to the Annual Report

1 Segment information

	Revenue		Profit/loss before financial income and expenses		Value of fixed assets		Liabilities	
	2015/16 DKK mill	2014/15 DKK mill	2015/16 DKK mill	2014/15 DKK mill	2015/16 DKK mill	2014/15 DKK mill	2015/16 DKK mill	2014/15 DKK mill
Group								
Activities								
Bunkers	37,841	50,208	448	493	359	278	3,406	4,047
Shipowning	1,704	1,288	113	14	1,455	1,522	1,187	1,625
Shipping and logistics	543	487	14	10	111	116	173	170
Other businesses	12	0	(5)	0	10	3	13	4
	40,100	**51,983**	**570**	**517**	**1,935**	**1,919**	**4,779**	**5,846**

2 Staff expenses

	2015/16 DKK '000	2014/15 DKK '000
Group		
Hire of crew	78,115	65,591
Wages and salaries	751,801	640,194
Pensions	37,098	27,683
Other social security expenses	86,609	72,257
	953,623	**805,725**

With reference to section 98b(3) of the Danish Financial Statements Act, remuneration to the Executive Board and the Board of Directors is not disclosed.

Number of employees, including hired crew	**1,488**	**1,376**

Parent Company

Besides the Executive Board, the Company has no employees.

3

Amortisation and depreciation

	2015/16	2014/15
	DKK ‘000	DKK ‘000
Group		
Software	5,967	2,264
Goodwill	46,144	38,635
Buildings	12,460	7,471
Ships and equipment	117,039	96,696
Fixtures and fittings, tools and equipment	16,526	17,004
Leasehold improvements	115	91
	198,251	**162,161**

4

Corporation tax

	Group		Parent company	
	2015/16	2014/15	2015/16	2014/15
	DKK ‘000	DKK ‘000	DKK ‘000	DKK ‘000
Current tax for the year	60,308	116,854	(739)	4,646
Tax concerning previous years	(29,287)	(14,357)	0	(7)
Adjustment of provision for deferred tax	7,454	23,408	0	0
Deferred tax, previous years	34,757	188	0	0
Total tax for the year	**73,232**	**126,093**	**(739)**	**4,639**

5 Intangible assets

	Software	Goodwill
	DKK '000	DKK '000
Group		
Cost at 1 May	21,009	392,101
Exchange adjustment	(437)	(9,462)
Additions for the year	9,524	130,890
Disposals for the year	(2,176)	(144)
Cost at 30 April	**27,920**	**513,385**
Amortisation at 1 May	6,670	194,676
Exchange adjustment	(108)	(3,711)
Amortisation for the year	5,967	44,965
Reversal of amortisation of disposals for the year	(2,169)	0
Amortisation at 30 April	**10,360**	**235,930**
Carrying amount at 30 April	**17,560**	**277,455**

6 Property, plant and equipment

	Prepayments for fixed assets	Land and buildings	Ships and equipment	Fixtures and fittings, tools and equipment	Leasehold improvements
	DKK ‘000	DKK ‘000	DKK ‘000	DKK ‘000	DKK ‘000
Group					
Cost at 1 May	0	211,188	2,001,026	175,735	865
Exchange adjustment	0	(1,008)	(38,569)	(1,860)	(37)
Additions for the year through business acquisition	0	0	0	24,337	0
Additions for the year	372	30,072	90,024	15,098	216
Disposals for the year	0	(9,444)	(67,156)	(45,006)	0
Cost at 30 April	**372**	**230,808**	**1,985,325**	**168,304**	**1,044**
Revaluation at 1 May	0	10,892	0	0	0
Exchange adjustment	0	(11)	0	0	
Revaluation for the year	0	(10,881)	0	0	0
Revaluation at 30 April	**0**	**0**	**0**	**0**	**0**
Depreciation at 1 May	0	68,197	521,978	115,791	619
Additions for the year through business acquisition	0	0	0	15,238	0
Exchange adjustment	0	(536)	(11,059)	(1,300)	(22)
Depreciation and impairment losses for the year	0	12,460	117,039	21,210	115
Reversal of impairment and depreciation for the year	0	(5,814)	(67,156)	(26,861)	0
Depreciation at 30 April	**0**	**74,307**	**560,802**	**124,078**	**712**
Carrying amount at 30 April	**372**	**156,501**	**1,424,523**	**44,226**	**332**
Hereof assets under finance leases	0	0	0	831	0

7

Fixed asset investments

	Investments in associates	Other receivables
	DKK '000	DKK '000
Group		
Cost at 1 May	6,472	443
Exchange adjustment	(21)	0
Additions for the year	0	2,012
Additions for the year through business acquisition	0	390
Disposals for the year	(5,319)	(263)
Transfer for the year	(36)	0
Cost at 30 April	**1,096**	**2,582**
Value adjustments at 1 May	6,650	0
Disposals for the year	5,192	0
Exchange adjustment	107	0
Value adjustments for the year	6,927	0
Dividend	(8,420)	0
Other equity movements	(392)	0
Value adjustments at 30 April	**10,064**	**0**
Investments with negative equity value transferred to provisions	54	0
Carrying amount at 30 April	**11,214**	**2,582**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7 (continued)

Parent Company	Investments in subsidiaries DKK '000
Cost at 1 May	336,402
Additions for the year	395,989
Disposals for the year	(500)
Cost at 30 April	**731,891**
Value adjustments at 1 May	1,812,095
Disposals for the year	60
Exchange adjustment	(44,034)
Shares of profit for the year	412,480
Dividend	(649,568)
Fair value adjustment of hedging instruments for the year	(11,216)
Other equity movements	(1,965)
Amortisation of goodwill	1,179
Value adjustments at 30 April	**1,519,031**
Carrying amount at 30 April	**2,250,922**
Remaining positive differences included in the above carrying amount at 30 April 2016	6,306
Remaining negative differences included in the above carrying amount at 30 April 2016	6,142

The Parent Company's investments in subsidiaries comprise:

Name	Place of reg. office	Votes and ownership
Bunker Holding A/S	Middelfart	100 %
Outforce A/S	Middelfart	100 %
Rechnitzer A/S	Middelfart	100 %
Rederiaktieselskabet Nyborg	Nyborg	100 %
Shipping Holding A/S	Fredericia	100 %
Uni-Tankers A/S	Middelfart	50.0001 %

For a list of subsidiaries owned by subsidiaries please see the Annual Report of the above mentioned Companies.

8

Other receivables

Group

The item ”other receivables” includes fair value adjustment of derivative financial instruments at a net DKK 202,880k.
On a gross basis, the asset amounts to DKK 394,552k and the liability to DKK 191,672k.

9

Equity

The share capital consists of 1 share of DKK 4,900k.

10

Minority interests

	2015/16	2014/15
	DKK ‘000	DKK ‘000
Minority interests at 1 May	958	(2,372)
Exchange adjustment	(49)	590
Additions for the year	195,860	246
Disposals for the year	(269)	(8,934)
Share of profit/loss for the year	2,368	11,276
Other changes in equity	0	152
Minority interests at 30 April	**198,868**	**958**

11 Deferred tax

	2015/16 DKK '000	2014/15 DKK '000
Group		
Deferred tax at 1 May	(53,427)	(63,415)
Correction at 1 May	21,290	(151)
Exchange adjustment	1,512	(13,936)
Change for the year	37,526	24,075
Deferred tax at 30 April	**6,901**	**(53,427)**
Deferred tax is recognised in the Annual Report as follows:		
Deferred tax asset	(11,622)	(71,747)
Deferred tax liability	18,523	18,320
	6,901	**(53,427)**

Deferred tax relates to intangible assets and property, plant and equipment as well as tax loss carry-forwards and trade receiveables.

12 Other provisions

Other provisions comprise investments with negative equity value as well as other provisions. All other provisions falls due within 1 year.

13 Long-term debt

Group

Of the long-term debt, DKK 56,740k falls due after more than 5 years.

14

Security, contingent liabilities and lease and contractual obligations

	2015/16 DKK '000	2014/15 DKK '000
Group		
Guarantees		
As security of trade with customers and suppliers, the Company's bankers have provided guarantees for	439,707	460,412
At the balance sheet date, the following has been utilised of the guarantee commitment	129,824	279,879
Payment guarantees issued through credit institutions in respect of commitments	1,878	0
Through credit institutions, guarantees have been issued in respect of employee bonds etc	0	2,180
Security		
As security for long-term debt, letters of indemnity have been provided in ships and equipment	1,774,029	1,822,026
At the balance sheet date, the carrying amount of the assets provided as security was	1,424,522	1,478,748
Secured bank debt at 30 April	1,063,206	1,474,480
Carrying amount of land and buildings provided as security for debt to mortgage credit institutes	122,438	140,387
Deposited owner's mortgage on buildings on owned and leased land provided as security for balance with mortgage credit and credit institutions	19,886	23,267
Mortgage deed registered to the mortgagor with charge on buildings on owned and leased land has been provided as security for debt to credit institutions	45,991	61,810
At the balance sheet date, the carrying amount of the assets provided as security was	54,618	61,188
Floating charge provided as security for debt to credit institutions At the balance sheet date, the carrying amount of the assets provided as security was	0	25,607
At the balance sheet date, the carrying amount of the assets provided as security was	0	186,808
Secured bank debt at 30 April	0	37,492
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
Carrying amount of motor vehicles provided as security for debt to credit institutions	180	1,417
Contingent liabilities		
Deferred tax concerning shipowning company registered under the Tonnage Tax Scheme	20,263	20,656
Lease and rent obligations		
Lease and rent obligations	674,688	564,599

14 (continued)

Security, contingent liabilities and lease and contractual obligations

	2015/16 DKK '000	2014/15 DKK '000
Other liabilities		
Group		

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.

	2015/16 DKK '000	2014/15 DKK '000
Parent company		
Security		
The Company has provided subsidiary shares as security for the Company's obligations towards credit institutions.		
At the balance sheet date, the security provided amounted to	408,176	124,648

15

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.

The Company is included in the Consolidated Financial Statements of the immediate Parent Company, Selfinvest ApS.

Controlling interest is exercised through the Company's immediate Parent Company, Selfinvest ApS, in which Torben Østergaard-Nielsen, CEO, exercises control.

16

Fee to auditors appointed at the general meeting

	2015/16	2014/15	2015/16	2014/15
	DKK '000	DKK '000	DKK '000	DKK '000
	Group		**Parent Company**	
PricewaterhouseCoopers				
Audit	3,600	3,286	69	44
Assurance engagements	748	229	0	0
Tax services	1,778	1,087	0	0
Non-audit services	4,227	995	0	0
Ernst & Young				
Audit	404	386	0	0
Tax services	337	296	0	0
Non-audit services	0	199	0	0
Wilkins Kennedy				
Audit	438	350	0	0
Tax services	115	103	0	0
Non-audit services	67	0	0	0
Other				
Audit	1,623	1,105	0	0
Assurance engagements	20	24	0	0
Tax services	701	628		
Non-audit services	1,206	260	0	0
	15,264	**8,948**	**69**	**44**

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of A/S United Shipping & Trading Company for the financial year 1 May 2015 - 30 April 2016.

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 2016 and of the results of the Parent Company and Group operations and consolidated cash flows for 2015/16.

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

Middelfart, 4 July 2016

Executive Board

Torben Østergaard-Nielsen
CEO

Jesper Klokker Hansen
CFO

Board of Directors

Klaus Nyborg
Chairman

Torben Østergaard-Nielsen

Morten Hultberg Buchgreitz

Peter Frederiksen

Torben Janholt

Michael Keldsen

Peter Korsholm

Independent Auditor's Report

To the Shareholder of A/S United Trading & Shipping Company

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

We have audited the Parent Company Financial Statements and the Consolidated Financial Statements of A/S United Trading & Shipping Company for the financial year 1 May 2015 – 30 April 2016, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and summary of significant accounting policies. The Parent Company Financial Statements and the Consolidated Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Parent Company Financial Statements and Consolidated 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 Parent Company Financial Statements and Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Parent Company Financial Statements and the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in accordance with Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable as-surance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The audit procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Parent Company Financial Statements and Consolidated Financial Statements that give a true and fair view 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Parent Company Financial Statements and the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

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 Company at 30 April 2016 and of the results of Group and the Company operations and cash flows for the financial year 1 May 2015 – 30 April 2016 in accordance with the Danish Financial Statements Act.

STATEMENT ON MANAGEMENT'S REVIEW

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Parent Company Financial Statements and the Consolidated Financial Statements. On this basis, in our opinion, the information provided in Manage-ment's Review is consistent with the Parent Company Financial Statements and the Consolidated Financial Statements.

Trekantområdet, 4 July 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen
State Authorised Public Accountant

Gert Fisker Tomczyk
State Authorised Public Accountant

The Corinth Canal, Greece

Accounting Policies

BASIS OF PREPARATION

The Annual Report of A/S United Shipping & Trading Company for 2015/16 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 2015/16 is presented in DKK thousands.

Recognition and measurement

The Financial Statements have been prepared based on the historic cost principle.

Revenues are recognised in the income statement as earned, and all expenses incurred to achieve the earnings for the year are deducted. Expenses include operating expenses, depreciation, amortisation, impairment losses and provisions as well as changes due to changed accounting estimates. Furthermore, value adjustments of financial assets and liabilities measured at fair value are 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.

Recognition and measurement take into account profits, losses and risks occurring before the presentation of the Annual Report which relate to affairs and conditions existing at the balance sheet date.

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.

Danish kroner 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, A/S United Shipping & Trading Company, and subsidiaries in which the Parent Company directly or indirectly holds more than 50 % of the votes or otherwise exercises control.

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.

Newly acquired or newly established enterprises are included in the Consolidated Financial Statements from the time of acquisition. The difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after fair value adjustment of the individual assets and liabilities (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Positive differences (goodwill) are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life; however, not exceeding 20 years.

Changes in the purchase price after takeover result in adjustment of the acquisition value of goodwill. Moreover, goodwill is adjusted where, at the time of takeover, the fair value of the net assets taken over turns out to differ from the value previously assumed. Goodwill is adjusted until the end of the financial year following the year of acquisition.

Minority interests

In the Consolidated Financial Statements, the items of the subsidiaries are fully recognised. Minority interests' proportionate shares of the profit and equity of the subsidiaries are stated as separate items in the income statement and the balance sheet.

As part of the sale of a minority shareholding in a subsidiary, the Parent Company is entitled but not obliged to repurchase the shares at the selling price plus an annual interest rate. This minority interest is measured at the repurchase value according to the purchase option if it is considered likely that the purchase option will be exercised.

In case of subsequent changes in minority interests, the changed shares are recognised in results as from the time of the change.

Leases
Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised 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 approximated value as the discount rate. Assets acquired under 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 recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments relating to operating leases are recognised in the income statement on a straight line basis over the lease period.

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 “Hedge accounting”.

Upon recognition of financial statements of foreign group enterprises and associates, income statement items are translated into Danish kroner at average exchange rates and balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on this translation 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.

Fair value of OTC oil derivative contracts are determined on the basis of generally applied forward and option pricing models. Inputs to the models are to the extent possible determined on the basis of observable prices for the underlying products. For contracts where the most significant input is unobservable, Management estimates the input based on recent transactions, transactions with similar products etc.

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.

Some fair value gains and losses net related to commodity derivatives are presented as gross profit.

Hedge accounting

Fair value hedges:
Changes in the fair values of derivative 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.

Hedges of future assets or liabilities:
Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised directly in retained earnings under equity. If the hedged transaction results in an asset or a liability, the amount is transferred from equity to the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount 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.

Hedges of investment in subsidiaries, etc:
Changes in the fair values of derivative 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

Revenue
Revenue on the sale of goods and services is recognised in the income statement when the sale has been completed. This is considered the case when

- *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 duties.

Revenue includes income from shipowning activities, which is cut off and recognised over the duration of the voyages.

Income from the sale of financial derivatives in respect of crude oil and oilrelated products is recognised in revenue at the time when the contract is concluded.

Some gross profit includes fair value gains and losses net related to commodity derivatives.

Direct expenses
Direct expenses include expenses for the purchase of goods for resale, transport services, lease and running of machinery, tank installations and warehouses as well as fuel for own ships.

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.

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 gains and losses and gains and losses on securities, amortisation of mortgage loans, as well as changes in the fair value of financial instruments.

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.

The Group’s shipowning companies are computed according to the provisions of the Danish Tonnage Tax Act. On the basis of the shipowning company’s planned shipowning activities, the Tonnage Tax Scheme does not imply recapture of depreciation, and therefore deferred tax for these companies is only disclosed in the note “Deferred tax”.

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 onaccount 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 straightline basis over the expected useful lives of the assets, which are:

Goodwill	max. 20 years
Software	max. 5 years

Scrap values are yearly reassessed.

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 of 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 straightline basis over the expected useful lives of the assets:

Buildings	20-50 years
Fixtures and fittings, tools and equipment	3-10 years
Ships (newbuilding)	30 years
Ships (not newbuilding)	10-11 years
Leasehold improvements	2 years

Scrap values are yearly reassessed.

Ships and equipment are measured at cost less accumulated depreciation calculated on a straightline basis over the period until either the end of the expected useful life or the time of expected phasing out. At the establishment of expected useful life, the condition and age of the ships are considered. At the establishment of the time of expected phasing out, the provisions of the MARPOL convention are considered.

The scrap values of ships are determined as the ships' selling value after 25 years of use as estimated by external shipbroker.

Docking expenses are added to the carrying amounts of the ships at the time of payment and are expensed on a straightline basis over the expected useful lives of the improvements, on average 2.5 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.

The recoverable amount of ships has been determined on the basis of the value in use as the value in use is considered higher than the fair value.

The value in use is calculated by means of cash flow estimates of the expected useful life of the ship based on approved budgets for the coming financial year as well as the following estimated development. A discount rate of 8 % pa after tax and exchange rates at the level of the actual rates of exchange at 30 April 2016 have been applied.

The most material assumptions applied at the calculation of the value in use are as follows:

- Cash flows are based on normal earnings over the remaining life of the ship based on the ship's expected total life, cf accounting policies applied.

- Freight rates for the coming years are estimated based on experience, knowledge of the market and input from the Company's business partners. As from the financial year 2017/18, an annual increase in freight rates corresponding to the market having reached the expected level in 2018/19 is estimated. Hereafter, an annual increase in freight rates corresponding to 2.5 % is estimated.

- Operating and administrative expenses are based on experience and expectation of the general development in expenses. As from 2017/18, expenses are expected to increase by 2.5 % annually.

- Docking expenses are estimated based on experience and already planned dockings. Docking expenses are expected to increase by 2.5 % annually.

Investments in subsidiaries

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

The item "Investments in subsidiaries" in the balance sheet of the Parent Company includes the proportionate ownership share of the net asset value of the enterprises calculated under the accounting policies of the Parent Company, adjusted for unrealised intercompany profits or losses and with addition or deduction of goodwill.

The total net revaluation of investments in subsidiaries is transferred in the Parent Company 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.

Subsidiaries 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.

Gains or losses on disposal or liquidation of subsidiaries 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

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of inventories the fair values of which are effectively hedged by a financial transaction is adjusted for changes in the fair value of the hedged risk.

Inventories are measured at 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.

Securities
Securities recognised in current assets are measured at the fair value at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

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 and own ships under the Tonnage Tax Scheme.

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 and presented as a net item if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts
Fixed-interest loans, such as mortgage loans and loans from credit institutions, 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 short- and long-term debt as well as payment of dividend to shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise the items “Cash at bank and in hand” and “Securities” under current assets as well as the operating share of the item “Credit institutions” under short-term debt. “Securities” comprise short-term securities subject to insignificant risk of value changes which can easily be turned into cash.

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

DEFINITION OF FINANCIAL RATIOS

$$\text{Gross margin} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Profit margin} = \frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

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

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

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