
KIRK KAPITAL A/S

Damhaven 5D, DK-7100 Vejle

Annual Report for 1 January - 31 December 2016

CVR No 31 15 98 57

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
25/4 2017

Søren Lindgaard
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of KIRK KAPITAL A/S for the financial year 1 January - 31 December 2016.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2016.

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

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

Vejle, 25 April 2017

Executive Board

Bjarne Ammitzbøll

Board of Directors

Casper Kirk Johansen
Chairman

Leif Hasager

Birgitte Nielsen

Jens Jørgen Madsen

Independent Auditor's Report

To the Shareholders of KIRK KAPITAL A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of KIRK KAPITAL A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 25 April 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Christian Fredensborg Jakobsen
State Authorised Public Accountant

Henrik Kragh
State Authorised Public Accountant

Company Information

The Company

KIRK KAPITAL A/S
Damhaven 5D
DK-7100 Vejle

CVR No: 31 15 98 57
Financial period: 1 January - 31 December
Municipality of reg. office: Vejle

Board of Directors

Casper Kirk Johansen, Chairman
Leif Hasager
Birgitte Nielsen
Jens Jørgen Madsen

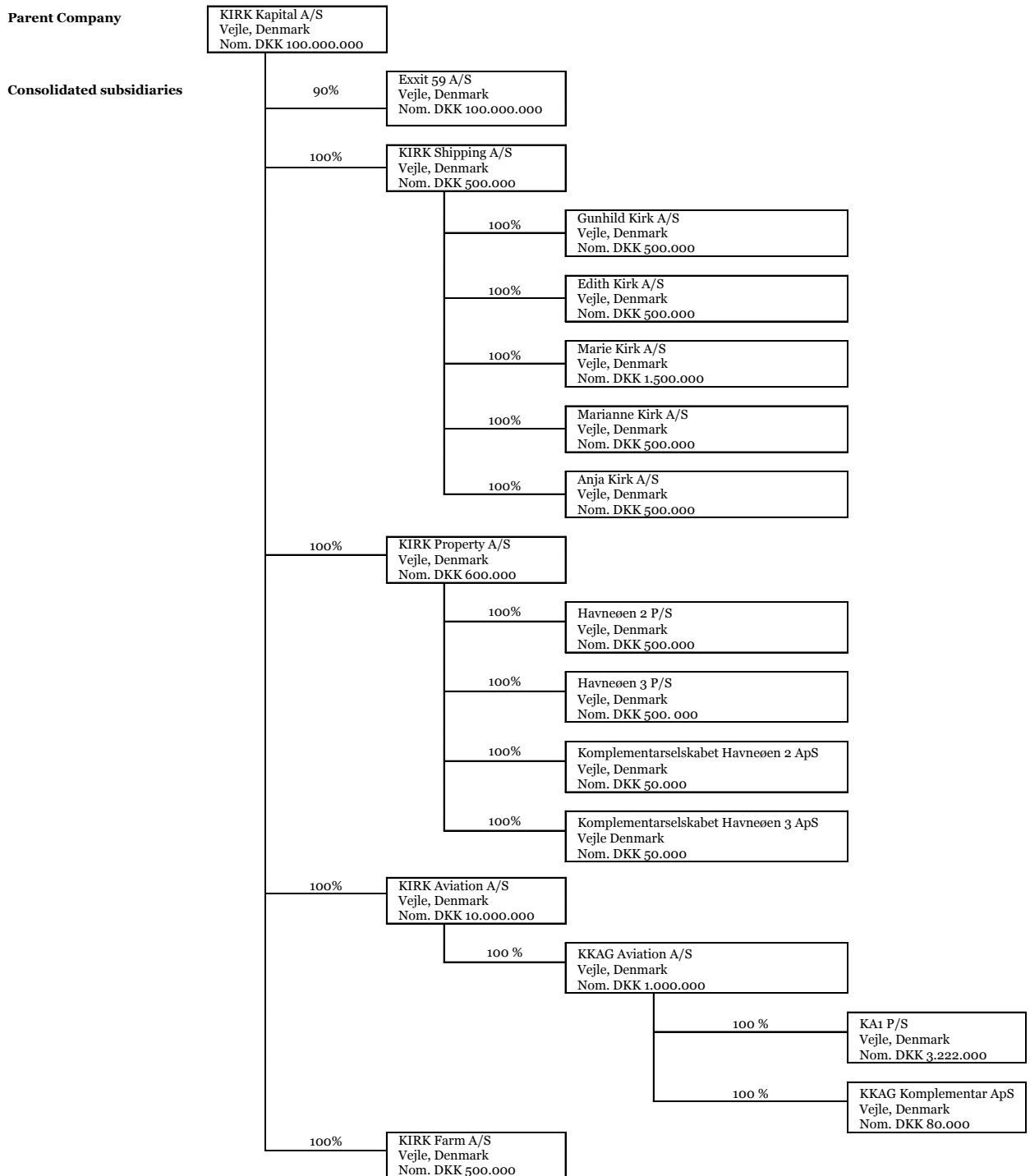
Executive Board

Bjarne Ammitzbøll

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Group Chart



Financial Highlights

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

	Group				
	2016	2015	2014	2013	2012
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Profit/loss					
Revenue	343.793	334.494	326.553	400.221	436.695
Gross profit/loss	204.090	203.787	97.318	176.535	204.413
Profit/loss before financial income and expenses	27.237	42.216	-57.708	-46.497	-46.044
Net financials	170.737	140.640	46.624	344.948	359.553
Net profit/loss for the year	153.040	145.281	24.735	228.987	238.135
Comprehensive income	169.890	176.315	105.407	134.035	239.413
Balance sheet					
Balance sheet total	6.642.090	6.643.105	5.659.163	5.155.727	5.455.101
Equity	4.611.580	4.486.891	4.251.235	4.185.573	4.093.285
Ratios					
Solvency ratio	69,4%	67,5%	75,1%	81,2%	75,0%
Return on equity	3,4%	3,3%	0,6%	5,5%	6,0%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to accounting policies, the comparative figures in the period 2012 - 2014 have not been restated. See the description under accounting policies.

Management's Review

Main activity

The objective of the Company is manufacturing, trading, property management, financing and investment activities of any kind, both directly and/or through other companies, consortiums and/or individuals in Denmark and abroad.

Additionally, it is the objective of the Company to perform any such kind of activity which in the opinion of the Board of Directors is suited to support the objective above.

The KIRK KAPITAL A/S Group has a wide range of commercial activities within shipping, aviation, trailer rental, playground production, facility management, production and development of medical devices, parking solutions and green energy. Furthermore, the Company invests in a wide ranged portfolio of quoted and unquoted equity, properties and interest-bearing assets.

Development in the year

The income statement of the Group for 2016 shows a profit of DKK 153,040k including minority interest, and at 31 December 2016 the balance sheet of the Group shows equity of DKK 4.611.580k.

The profit for the year is satisfactory and in line with the expectations.

Accounting policies for investment properties have been changed from cost price less depreciation to market value. For further information, please see page 31 under accounting policies.

Special risks

The Company has not taken on any risks that could be referred to as special considering the nature and extent of the investments.

Statement of corporate social responsibility

With reference to Section 99a of the Danish Financial Statements Act relating to the Company's policies regarding corporate social responsibility, we state that KIRK KAPITAL A/S has no such policies.

In this connection we would like to point out that it is the Group's clearly defined intention to run an honest and responsible business in every respect and at any time.

External environment

The Company has only a limited effect on the external environment, and consequently, no special measures have been implemented in order to prevent, reduce or rectify any damage.

Intellectual capital resources

The intellectual capital resources represented by the Company's employees are maintained and improved through both internal and external development activities.

Management's Review

Research and development activities

Due to the scope of business KIRK KAPITAL A/S as parent company does not engage in any research and development activities. Where relevant affiliates carry out these activities.

Diversity

KIRK KAPITAL A/S always selects candidates on the basis of qualifications and suitability. This will also be the case in future. The distribution of female/male members on the Parent Company's Supervisory Board is 25%/75%, which is defined as equal distribution of gender according to guidelines issued by the Danish Business Authority.

Subsequent events

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

Outlook

Management is of the opinion that the Group is well positioned for the future. For 2017 a satisfactory result in line with the result of 2016 is expected. The profit will, due to the main activities largely depend on the development on the financial markets.

Income Statement 1 January - 31 December 2016

	Note	Group		Parent Company	
		2016	2015	2016	2015
		DKK'000	DKK'000	DKK'000	DKK'000
Revenue	1	343.793	334.494	6.110	7.644
Value adjustments of assets held for investment		53.924	38.290	10.647	-8.275
Other operating income		5.654	9.105	7.497	7.196
Expenses for raw materials and consumables		-151.059	-128.443	-3.812	-4.875
Other external expenses		-48.222	-49.659	-25.215	-23.885
Gross profit/loss		204.090	203.787	-4.773	-22.195
Staff expenses	2	-28.443	-30.361	-24.110	-25.761
Depreciation and impairment of property, plant and equipment	3	-148.410	-131.165	-338	-512
Other operating expenses		0	-45	0	0
Profit/loss before financial income and expenses		27.237	42.216	-29.221	-48.468
Income from investments in subsidiaries		0	0	19.182	60.583
Income from investments in associates		-70.341	-83.417	-94.748	-80.402
Financial income	4	377.256	360.616	329.922	335.102
Financial expenses	5	-136.178	-136.559	-80.340	-103.011
Profit/loss before tax		197.974	182.856	144.795	163.804
Tax on profit/loss for the year	6	-44.934	-37.575	2.840	-23.748
Net profit/loss for the year		153.040	145.281	147.635	140.056

Distribution of profit

	Group		Parent Company	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	DKK'000	DKK'000	DKK'000	DKK'000
Proposed distribution of profit				
Proposed dividend for the year	45.000	43.000	45.000	43.000
Reserve for net revaluation under the equity method	0	-16.677	0	0
Minority interests' share of net profit/loss of subsidiaries	5.405	5.225	0	0
Retained earnings	<u>102.635</u>	<u>113.733</u>	<u>102.635</u>	<u>97.056</u>
	<u>153.040</u>	<u>145.281</u>	<u>147.635</u>	<u>140.056</u>

Balance Sheet 31 December 2016

Assets

	Note	Group		Parent Company	
		2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
Goodwill		5.613	6.954	0	0
Intangible assets	7	5.613	6.954	0	0
Investment properties	8	987.761	878.815	147.289	156.064
Other fixtures and fittings, tools and equipment	9	2.469	2.860	1.900	2.001
Vessels	9	733.518	776.217	0	0
Airplanes	9	496.376	521.789	0	0
Property, plant and equipment in progress	9	345.829	383.138	0	0
Property, plant and equipment		2.565.953	2.562.819	149.189	158.065
Investments in subsidiaries	10	0	0	1.608.567	1.585.790
Investments in associates	11	1.017.328	946.765	916.168	852.871
Other investments	12	1.194.507	1.195.375	1.162.394	1.168.498
Other receivables	12	520.553	682.646	58.309	61.302
Fixed asset investments		2.732.388	2.824.786	3.745.438	3.668.461
Fixed assets		5.303.954	5.394.559	3.894.627	3.826.526
Trade receivables		13.854	17.443	70	347
Receivables from group enterprises		0	0	78	23.586
Receivables from associates		35	4.635	0	0
Other receivables	16	35.152	61.734	29.127	51.252
Deferred tax asset		437	16	0	0
Corporation tax		5.802	13.185	0	0
Prepayments	13	9.084	7.723	0	0
Receivables		64.364	104.736	29.275	75.185
Current Asset Investments		1.060.250	968.687	1.060.250	968.687
Cash at bank and in hand		213.522	175.123	73.867	64.724
Currents assets		1.338.136	1.248.546	1.163.392	1.108.596
Assets		6.642.090	6.643.105	5.058.019	4.935.122

Balance Sheet 31 December 2016

Liabilities and equity

	Note	Group		Parent Company	
		2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
Share capital		100.000	100.001	100.000	100.000
Retained earnings		4.435.801	4.318.166	4.435.801	4.318.167
Proposed dividend for the year		45.000	43.000	45.000	43.000
Equity attributable to shareholders of the Parent Company		4.580.801	4.461.167	4.580.801	4.461.167
Minority interests		30.779	25.724	0	0
Equity	14	4.611.580	4.486.891	4.580.801	4.461.167
Provision for deferred tax		143.668	124.437	10.441	14.268
Other provisions		1.962	2.469	0	0
Provisions		145.630	126.906	10.441	14.268
Mortgage loans		358.545	366.529	0	0
Credit institutions		1.024.741	798.417	400.000	400.000
Deposits		9.833	10.706	0	0
Other payables		68.592	132.075	0	0
Long-term debt	15	1.461.711	1.307.727	400.000	400.000
Mortgage loans	15	9.082	9.148	0	0
Credit institutions	15	175.123	477.878	0	0
Prepayments received from customers		15.129	12.464	0	0
Trade payables		18.434	21.307	551	2.680
Payables to group enterprises		0	0	221	37
Corporation tax		19.892	18.467	4.224	8.269
Other payables	15,16	185.509	182.317	61.781	48.701
Short-term debt		423.169	721.581	66.777	59.687
Debt		1.884.880	2.029.308	466.777	459.687
Liabilities and equity		6.642.090	6.643.105	5.058.019	4.935.122
Contingent assets, liabilities and other financial obligations	17				
Fee to auditors appointed at the general meeting	20				

Statement of Changes in Equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January 2016	100.000	4.205.234	43.000	4.348.234	16.971	4.365.205
Net effect from change of accounting policy	0	112.932	0	112.932	8.753	121.685
Adjusted equity at 1 January 2016	100.000	4.318.166	43.000	4.461.166	25.724	4.486.890
Exchange adjustments	0	34.766	0	34.766	0	34.766
Ordinary dividend paid	0	0	-43.000	-43.000	0	-43.000
Fair value adjustment of hedging instruments	0	-17.422	0	-17.422	-350	-17.772
Other equity movements	0	-6.197	0	-6.197	0	-6.197
Tax on equity movements	0	3.853	0	3.853	0	3.853
Net profit/loss for the year	0	102.635	45.000	147.635	5.405	153.040
Equity at 31 December 2016	100.000	4.435.801	45.000	4.580.801	30.779	4.611.580

Parent Company

Equity at 1 January 2016	100.000	4.205.234	43.000	4.348.234	0	4.348.234
Net effect from change of accounting policy	0	112.932	0	112.932	0	112.932
	100.000	4.318.166	43.000	4.461.166	0	4.461.166
Exchange adjustments	0	34.766	0	34.766	0	34.766
Ordinary dividend paid	0	0	-43.000	-43.000	0	-43.000
Fair value adjustment of hedging instruments	0	-17.422	0	-17.422	0	-17.422
Other equity movements	0	-6.197	0	-6.197	0	-6.197
Tax on equity movements	0	3.853	0	3.853	0	3.853
Net profit/loss for the year	0	102.635	45.000	147.635	0	147.635
Equity at 31 December 2016	100.000	4.435.801	45.000	4.580.801	0	4.580.801

Cash Flow Statement 1 January - 31 December 2016

	Note	Group	
		2016 DKK'000	2015 DKK'000
Net profit/loss for the year		147.635	140.056
Adjustments	18	-47.403	-89.289
Change in working capital	19	-45.507	76.087
Cash flows from operating activities before financial inc. and exp.		54.725	126.854
Financial income		133.550	361.498
Financial expenses		-34.889	-136.566
Cash flows from ordinary activities		153.386	351.786
Corporation tax paid		-15.512	50.351
Cash flows from operating activities		137.874	402.137
Purchase of intangible assets		0	-7.297
Purchase of property, plant and equipment		-116.904	-537.107
Fixed asset investments made etc		-521.946	-845.133
Sale of property, plant and equipment		19.848	29.166
Sale of fixed asset investments etc		618.795	523.309
Dividends received from associates		69.356	10.596
Cash flows from investing activities		69.149	-826.466
Repayment of mortgage loans		-8.050	0
Repayment of loans from credit institutions		-129.163	0
Repayment of other long-term debt		-873	-644
Raising of mortgage loans		0	2.687
Raising of loans from credit institutions		52.732	532.504
Dividend paid		-43.000	-42.000
Other adjustments		0	147
Cash flows from financing activities		-128.354	492.694
Change in cash and cash equivalents		78.669	68.365
Cash and cash equivalents at 1 January 2016		119.577	51.212
Cash and cash equivalents at 31 December 2016		198.246	119.577
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		213.522	175.123
Overdraft facility		-15.276	-55.546
Cash and cash equivalents at 31 December 2016		198.246	119.577

Notes to the Financial Statements

	Group		Parent Company	
	2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
1 Revenue				
Rental property	55.002	51.939	6.110	7.644
Aircraft leasing	70.116	30.597	0	0
Shipping	218.675	251.958	0	0
	343.793	334.494	6.110	7.644
2 Staff expenses				
Wages and salaries	25.270	27.801	22.015	23.819
Pensions	1.910	1.442	883	809
Other social security expenses	185	160	150	118
Other staff expenses	1.078	958	1.062	1.015
	28.443	30.361	24.110	25.761
Including remuneration to the Executive Board and Board of Directors	6.867	8.953	6.867	8.953
Average number of employees	28	27	22	22
3 Depreciation and impairment of property, plant and equipment				
Amortisation of intangible assets	1.341	343	0	0
Depreciation of property, plant and equipment	106.069	86.562	338	512
Impairment of property, plant and equipment	41.000	44.260	0	0
	148.410	131.165	338	512

Notes to the Financial Statements

	Group		Parent Company	
	2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
4 Financial income				
Income from fixed asset investments	270.986	231.914	270.824	231.741
Interest received from group enterprises	0	0	172	246
Other financial income	95.866	119.765	49.081	96.003
Exchange adjustments	462	1.617	0	0
Exchange gains	9.942	7.320	9.845	7.112
	377.256	360.616	329.922	335.102
5 Financial expenses				
Impairment losses on financial assets	43.667	24.943	43.667	24.943
Interest paid to group enterprises	0	0	335	203
Other financial expenses	85.818	46.825	30.157	17.114
Exchange adjustments, expenses	41	2.181	0	0
Exchange loss	6.652	62.610	6.181	60.751
	136.178	136.559	80.340	103.011
6 Tax on profit/loss for the year				
Current tax for the year	28.717	19.731	18.664	13.993
Deferred tax for the year	19.231	4.254	-3.827	-3.218
Adjustment of current tax concerning previous years	-4.325	-5.752	-21.530	-6.369
Adjustment of deferred tax concerning previous years	-2.542	0	0	0
	41.081	18.233	-6.693	4.406
which breaks down as follows:				
Tax on profit/loss for the year	44.934	37.575	-2.840	23.748
Tax on changes in equity	-3.853	-19.342	-3.853	-19.342
	41.081	18.233	-6.693	4.406

Notes to the Financial Statements

7 Intangible assets

Group

	Goodwill DKK'000
Cost at 1 January 2016	7.297
Cost at 31 December 2016	7.297
Impairment losses and amortisation at 1 January 2016	343
Amortisation for the year	1.341
Impairment losses and amortisation at 31 December 2016	1.684
Carrying amount at 31 December 2016	5.613

8 Assets measured at fair value

	Group	Parent Company
	Investment pro- perties DKK'000	Investment pro- perties DKK'000
Cost at 1 January 2016	1.045.813	215.665
Net effect from change of accounting policy	0	0
Exchange adjustment	0	0
Additions for the year	21	0
Disposals for the year	-33.593	-33.593
Transfers for the year	75.262	0
Cost at 31 December 2016	1.087.503	182.072
Value adjustments at 1 January 2016	-275.566	-70.121
Net effect from change of accounting policy	108.568	10.520
Revaluations for the year	53.924	10.148
Reversal of revaluations of sold assets	14.670	14.670
Other adjustments	-1.338	0
Value adjustments at 31 December 2016	-99.742	-34.783
Carrying amount at 31 December 2016	987.761	147.289

Notes to the Financial Statements

8 Assets measured at fair value (continued)

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods. The valuation methods are described in the section Notes, Accounting Policies.

The average rate of return used for valuation of the company's investment properties' is based on the investment properties location and condition. The buildings are measured at an average return of 5.0 % - 6.5 % compared to 5.25 % - 6.75 % last year. A change of the rate of return at 0,1 % point will impact the value of investment property of approx. DKK 15 million before tax.

9 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Vessels	Airplanes	Property, plant and equipment in progress	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Cost at 1 January 2016	5.975	1.344.106	654.571	502.138	2.506.790
Other adjustments	0	0	124.047	0	124.047
Exchange adjustment	-2	43.844	25.399	0	69.241
Additions for the year	713	0	0	126.942	127.655
Disposals for the year	-962	0	0	-47.989	-48.951
Transfers for the year	0	0	0	-75.262	-75.262
Cost at 31 December 2016	5.724	1.387.950	804.017	505.829	2.703.520
Impairment losses and depreciation at 1 January 2016	3.115	567.882	132.782	119.000	822.779
Other adjustments	0	0	124.047	0	124.047
Exchange adjustment	-2	18.522	8.378	0	26.898
Impairment losses for the year	0	0	0	41.000	41.000
Depreciation for the year	628	68.028	42.434	0	111.090
Impairment and depreciation of sold assets for the year	-486	0	0	0	-486
Impairment losses and depreciation at 31 December 2016	3.255	654.432	307.641	160.000	1.125.328
Carrying amount at 31 December 2016	2.469	733.518	496.376	345.829	1.578.192
Depreciated over	3-6 years	20 years	10-20 years		

Notes to the Financial Statements

9 Property, plant and equipment (continued)

Parent Company

	Other fixtures and fittings, tools and equipment	Total
	DKK'000	DKK'000
Cost at 1 January 2016	4.321	4.321
Additions for the year	713	713
Disposals for the year	-962	-962
Kostpris at 31 December 2016	<u>4.072</u>	<u>4.072</u>
Impairment losses and depreciation at 1 January 2016	2.320	2.320
Depreciation for the year	338	338
Impairment and depreciation of sold assets for the year	-486	-486
Impairment losses and depreciation at 31 December 2016	<u>2.172</u>	<u>2.172</u>
Carrying amount at 31 December 2016	<u>1.900</u>	<u>1.900</u>

Notes to the Financial Statements

	Parent Company	
	2016	2015
	DKK'000	DKK'000
10 Investments in subsidiaries		
Cost at 1 January 2016	2.324.672	2.190.072
Additions for the year	167.395	134.600
Cost at 31 December 2016	<u>2.492.067</u>	<u>2.324.672</u>
Value adjustments at 1 January 2016	-738.881	-833.417
Net effect from change of accounting policy	0	38.270
Exchange adjustment	34.731	111.467
Net profit/loss for the year	19.217	60.583
Dividend to the Parent Company	-196.515	-114.991
Fair value adjustment of hedging instruments for the year	<u>-2.052</u>	<u>-794</u>
Value adjustments at 31 December 2016	<u>-883.500</u>	<u>-738.882</u>
Carrying amount at 31 December 2016	<u>1.608.567</u>	<u>1.585.790</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
KIRK Farm A/S	Vejle	100%
Exxit 59 A/S	Vejle	90%
KIRK Shipping A/S	Vejle	100%
Anja Kirk A/S	Vejle	100%
Gunhild Kirk A/S	Vejle	100%
Edith Kirk A/S	Vejle	100%
Marie Kirk A/S	Vejle	100%
Marianne Kirk A/S	Vejle	100%
KIRK Aviation A/S	Vejle	100%
KKAG Aviation A/S	Vejle	100%
KKAG Komplementarselskab ApS	Vejle	100%
KA1 P/S	Vejle	100%
KIRK Property A/S	Vejle	100%
Havneøen 2 P/S	Vejle	100%
Havneøen 3 P/S	Vejle	100%
Komplementarselskabet Havneøen 2 ApS	Vejle	100%
Komplementarselskabet Havneøen 3 ApS	Vejle	100%

Notes to the Financial Statements

	Group		Parent Company	
	2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
11 Investments in associates				
Cost at 1 January 2016	989.632	931.106	924.806	931.106
Exchange adjustment	0	577	0	0
Additions for the year	252.794	64.249	170.191	0
Disposals for the year	0	-6.300	0	-6.300
Cost at 31 December 2016	1.242.426	989.632	1.094.997	924.806
Value adjustments at 1 January 2016	-42.867	16.677	-71.936	-10.166
Net effect from change of accounting policy	0	29.229	0	29.229
Disposals for the year	-22.826	0	0	0
Exchange adjustment	0	3.098	0	0
Net profit/loss for the year	-57.135	-11.369	-65.979	-7.960
Dividends received	-69.356	-10.596	-8.000	-10.596
Revaluations for the year, net	0	2.536	0	0
Other equity movements, net	-6.197	0	-6.197	0
Amortisation of goodwill	-26.717	-72.442	-26.717	-72.442
Value adjustments at 31 December 2016	-225.098	-42.867	-178.829	-71.935
Carrying amount at 31 December 2016	1.017.328	946.765	916.168	852.871
Remaining positive difference included in the above carrying amount at 31 December 2016 (goodwill)	316.183	342.900	316.183	342.900

Notes to the Financial Statements

11 Investments in associates (continued)

Investments in associates are specified as follows:

Name	Place of registered office	Votes	Ownership
ApS FMD 1	Gladsaxe	30%	30%
Høje-Taastrup ApS	Kolding	31%	31%
K/S Høje-Taastrup	Kolding	31%	31%
Erria A/S	Køge	28%	28%
Kolor Invest A/S (Kompan)	Odense	25%	25%
PNO Holding A/S	København	48%	48%
P-AP 2009 A/S (Alliance+)	Brøndby	40%	67%
Havneøen 1 P/S	Vejle	50%	50%
Komplementarselskabet Havneøen 1 ApS	Vejle	50%	50%
Hafnia Management A/S	Denmark	20%	20%
KN Operating Ltd.	Ireland	50%	50%

12 Other fixed asset investments

	Group		Parent Company	
	Other investments	Other receivables	Other investments	Other receivables
	DKK'000	DKK'000	DKK'000	DKK'000
Cost at 1 January 2016	1.107.797	897.341	1.083.102	95.231
Additions for the year	170.438	47.793	170.438	3.274
Disposals for the year	-171.209	-119.357	-171.209	0
Cost at 31 December 2016	1.107.026	825.777	1.082.331	98.505
Revaluations at 1 January 2016	87.578	-214.695	85.396	-33.929
Revaluations for the year	-97	-90.529	-5.333	-6.267
Revaluations at 31 December 2016	87.481	-305.224	80.063	-40.196
Carrying amount at 31 December 2016	1.194.507	520.553	1.162.394	58.309

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

Notes to the Financial Statements

14 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> DKK'000
A-shares	57.709	57.709
B-shares	42.291	<u>42.291</u>
		<u>100.000</u>

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

15 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent Company	
	2016 DKK'000	2015 DKK'000	2016 DKK'000	2015 DKK'000
Mortgage loans				
After 5 years	322.294	330.015	0	0
Between 1 and 5 years	36.251	36.514	0	0
Long-term part	358.545	366.529	0	0
Within 1 year	9.082	9.148	0	0
	367.627	375.677	0	0
Credit institutions				
After 5 years	109.275	0	0	0
Between 1 and 5 years	915.466	798.417	400.000	400.000
Long-term part	1.024.741	798.417	400.000	400.000
Within 1 year	159.847	159.001	0	0
Other short-term debt to credit institutions	15.276	318.877	0	0
Short-term part	175.123	477.878	0	0
	1.199.864	1.276.295	400.000	400.000
Deposits				
Between 1 and 5 years	9.833	10.706	0	0
Long-term part	9.833	10.706	0	0
Within 1 year	0	0	0	0
	9.833	10.706	0	0
Other payables				
Between 1 and 5 years	68.592	132.075	0	0
Long-term part	68.592	132.075	0	0
Within 1 year	68.592	66.038	0	0
Other short-term payables	116.916	116.279	61.780	48.701
Short-term part	185.508	182.317	61.780	48.701
	254.100	314.392	61.780	48.701

Notes to the Financial Statements

16 Derivative financial instruments

Derivative financial instrument contracts in the form of forward exchange contracts, interest rate swaps and futures have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	<u>Group</u>		<u>Parent Company</u>	
	<u>2016</u> DKK'000	<u>2015</u> DKK'000	<u>2016</u> DKK'000	<u>2015</u> DKK'000
Assets	0	15.601	0	15.601
Liabilities	66.613	58.896	16.950	0

Group

Agreements on interest swaps have been entered into to secure future interest payments on floating-rate loans or hedge financial contracts with fixed interests. The agreements have varying terms.

Agreements on interest swaps expiring in 2017 are recognised with a fair value of DKK -6,442k at the balance sheet date. In the agreements an interest of CIBOR 6 months is swapped with a fixed interest in the interval 4.5550 % - 4.8450 % on loans with a principal of DKK 202,926k.

Agreements on interest swaps expiring in 2025 are recognised with a fair value of DKK -10,703k at the balance sheet date. In the agreements an interest of CIBOR 6 months is swapped with a fixed interest of 2.13 % on loans with a principal of DKK 102,592k.

Agreements on interest swaps expiring in 2035 are recognised at a fair value of DKK -15,329k at the balance sheet date. In the agreements an interest of CIBOR 6 months is swapped with a fixed interest of 2.56 % on loans with a principal of DKK 102,592k.

Interest rate swap contracts have been concluded to hedge financial contracts provided with a fixed interest rate. The contracts have a term of 22-66 months. Under the contracts, an interest rate of LIBOR + 3 month is exchanged for a fixed rate of interest of 1.4850 – 3.1750 %. At the balance sheet date, the fair value of the interest rate swap contracts amount to DKK -17.188k.

Forward exchange contracts have been concluded to hedge future transactions in USD and EUR. At the balance sheet date, the fair value of the forward exchange contracts amounts to DKK -21.802k. The forward exchange contracts have a term of up to 1 year.

Notes to the Financial Statements

16 Derivative financial instruments (continued)

Parent Company

Forward exchange contracts have been concluded to hedge future transaktions in USD and EUR. At the balance sheet date, the fair value of the forward exchange contracts amounts to DKK -21.802k. The forward exchange contracts have a term of up to 1 year.

17 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Group

Contractual obligations relating to construction work in progress amount to a maximum of DKK 191,000k.

The Group is committed to provide loans to a third party at an amount of DKK 21,158k.

As security for payables to financial institution, DKK 320,902k collateral has been given in vessels and cash funds which at 31 December 2016 have a carrying amount of DKK 733,512k and DKK 25,016k, respectively. Furthermore, shares and accompanying rights in KIRK Shipping A/S (carrying amount of DKK 502,290k at 31 December 2016) and KIRK Shipping A/S's subsidiaries Gunhild Kirk A/S, Edith Kirk A/S, Marianne Kirk A/S, Marie Kirk A/S and Anja Kirk A/S (carrying amounts of DKK 802,393k at 31 December 2016), have been placed as security. Furthermore, KIRK Kapital A/S, Gunhild Kirk A/S, Edith Kirk A/S, Marianne Kirk A/S, Marie Kirk A/S and Anja Kirk A/S have guaranteed payment to the bank and is jointly and severally liable for the unpaid bank debt.

As collateral for bank debt to financial institution, DKK 411,411k, the shares and accompanying rights in the subsidiary KKAG Aviation A/S have been placed as security (the carrying amount of which amounts to DKK 228,440k at 31 December 2016). Further, as collateral for the bank debt, the bank has been given security in KKAG Aviation A/S' shares and rights in KA1 P/S, with a carrying amount of DKK 271,166k at 31 December 2016. Furthermore, KIRK Kapital A/S, KIRK Aviation A/S and KKAG Aviation A/S have guaranteed payment to the bank and is jointly and severally liable for the unpaid bank debt.

As security for KA1 P/S' financial instruments in banks, the group has granted security for these instruments. As of 31 December 2016 these instruments have a negative value of DKK 16.9 million.

As security for mortgage debt, DKK 367,627k collateral has been given in land and buildings with a carrying amount of DKK 840,806k at 31 December 2016.

As security for payment obligations, a cash amount of DKK 23,260k has been deposited with Sydbank.

Notes to the Financial Statements

17 Contingent assets, liabilities and other financial obligations (continued)

Parent Company

Contingent liabilities regarding rent of property in the Parent Company amount to DKK 16,981k.

As collateral for bank debt, DKK 400,000k, the bank is given security in depositary with a carrying amount of DKK 700,733k at 31 December 2016.

As security for payables to financial institution of DKK 320,902k, security has been given in shares and accompanying rights in the subsidiary KIRK Shipping A/S, which has a carrying value of DKK 502,290k at 31 December 2016.

The Parent Company has provided a guarantee of a maximum of DKK 1,048,475k to financial institutions in which the Company's subsidiaries have loans and bank transactions.

As security for KA1 P/S' financial instruments in banks, the parent has granted security for these instruments. As of 31 December 2016 these instruments have a negative value of DKK 16.9 million.

The Danish group enterprises are jointly and severally liable for tax on the jointly taxed income of the Group and for Danish taxes at source such as dividend tax, tax on royalty payments and withholding tax. The total payable corporation tax is disclosed in the Annual Report of KIRK KAPITAL A/S, which is the management company of the joint taxation.

18 Cash flow statement - adjustments

	Group	
	2016	2015
	DKK'000	DKK'000
Financial income	-377.256	-360.616
Financial expenses	136.178	136.559
Depreciation, amortisation and impairment losses, including losses and gains on sales	94.486	92.039
Income from investments in associates	70.341	83.417
Tax on profit/loss for the year	44.934	37.575
Minority interests' share of net profit/loss of subsidiaries	5.405	5.225
Other adjustments	-21.491	-83.488
	-47.403	-89.289

Notes to the Financial Statements

	Group	
	2016	2015
	DKK'000	DKK'000
19 Cash flow statement - change in working capital		
Change in receivables	33.409	-27.471
Change in other provisions	-508	-808
Change in trade payables, etc	-60.636	105.160
Fair value adjustments of hedging instruments	-17.772	-794
	-45.507	76.087

	Group	
	2016	2015
	DKK'000	DKK'000
20 Fee to auditors appointed at the general meeting		
Audit fee to PricewaterhouseCoopers	680	697
Other assurance engagements	173	171
Tax advisory services	1.343	1.160
Non-audit services	1.158	2.606
	3.354	4.634

Notes, Accounting Policies

Basis of Preparation

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

Consolidated and Parent Company Financial Statements for 2016 are presented in DKK.

Changes in accounting policies

The Company has changed the accounting policies regarding measurement of investment properties at fair value with value adjustment through the income statement in accordance with the possibilities stated in the Danish Financial Statements Act. The change in accounting policies has been chosen in order to obtain a more true and fair view of the Company's investments. The change in accounting policies impacts the income statement of the Group with an increased profit after tax by DKK 54,360k in 2016 including minority interests' share and an increased equity by DKK 176,046k at 31 December 2016 including minority interests' share. The effect in the Parent Company is an increased profit after tax of DKK 50,262k in 2016 and an increased equity by DKK 163,195k at 31 December 2016.

The change in accounting policies further impacts the comparative figures in the Financial Statements compared to the approved Financial Statements for 2015. The effect in the Group is an increased profit after tax of DKK 37,111k in 2015 including minority interests' share and an increased equity by DKK 121,686k at 31 December 2015 including minority interests' share. The effect in the Parent Company is an increased profit after tax of DKK 31,886k in 2015 and an increased equity by DKK 112,933k at 31 December 2015.

Apart from the above, the accounting policies remain unchanged from last year.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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

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

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

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

Notes, Accounting Policies

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, KIRK KAPITAL A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Acquisitions

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

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

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

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Notes, Accounting Policies

Translation policies

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

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

Derivative financial instruments

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

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

Hedge accounting

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

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.

Income Statement

Revenue

Revenue from the sales of service etc is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Notes, Accounting Policies

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises as well as office expenses etc.

Staff expenses

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

Depreciation and impairment losses

Depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

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

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and 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.

Notes, Accounting Policies

The Company is jointly taxed with the parent and all 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).

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5-20 years.

Investment properties and other property, plant and equipment

Investment properties

Investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed investment properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition the investment properties are measured at fair value.

Fair value is the amount for which the investment properties could be exchanged between knowledgeable, willing parties in an arm's length transaction of the balance sheet date. The determination of fair value involves material accounting estimates.

The fair value of investment properties has been determined at 31 December 2016 for each investment property by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on the investment properties' budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The budgeted cash flows is divided by the estimated rate of return to arrive at the fair value of the investment properties.

Other property, plant and equipment

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Notes, Accounting Policies

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

Aircraft	10-20 years
Vessels	20 years
Other fixtures and fittings, tools and equipment	3-6 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of 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. If so, 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 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 distributed to the Parent Company and adjusted for other equity movements in subsidiaries and associates.

Notes, Accounting Policies

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments are measured at estimated fair value.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Current asset investments

Current asset investments, which consist of listed bonds are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Prepayments

Prepayments comprise prepaid expenses concerning operating expenses relating to vessels.

Equity

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 Group 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.

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.

Notes, Accounting Policies

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

Current tax receivables and liabilities

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

Financial debts

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.

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Notes, Accounting Policies

Financial Highlights

Explanation of financial ratios

Solvency ratio

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

Return on equity

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