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# ***Baltic Coaster Chartering ApS***

Ved Isefjorden 24, DK-3390 Hundested

## **Annual Report for 1 January - 31 December 2018**

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CVR No 20 75 82 87

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
8 /4 2019

Karina Uldahl Kiel  
Chairman of the General  
Meeting



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Baltic Coaster Chartering ApS for the financial year 1 January - 31 December 2018.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

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.

Hundested, 8 April 2019

## Executive Board

Peter Ronnie Hulstrøm  
Executive Officer

## Board of Directors

Peter Ronnie Hulstrøm

Mikkel Schmidt

Thomas Holst Olsen

# Independent Auditor's Report

To the Shareholder of Baltic Coaster Chartering ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Baltic Coaster Chartering ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the 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.

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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 misstate-

# Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing 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 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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

# Independent Auditor's Report

in a manner that gives a true and fair view.

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

Hellerup, 8 April 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Thomas Wraae Holm  
statsautoriseret revisor  
mne30141

Thomas Lauritsen  
statsautoriseret revisor  
mne34342

## **Company Information**

### **The Company**

Baltic Coaster Chartering ApS  
Ved Isefjorden 24  
DK-3390 Hundested

CVR No: 20 75 82 87

Financial period: 1 January - 31 December

Municipality of reg. office: Halsnæs

### **Board of Directors**

Peter Ronnie Hulstrøm  
Mikkel Schmidt  
Thomas Holst Olsen

### **Executive Board**

Peter Ronnie Hulstrøm

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# **Management's Review**

## **The principal activities of the company**

Baltic Coaster Chartering ApS is a wholly owned subsidiary of Baltic Shipping Company A/S. The company was established in 1998 and have since been transporting bulk and project cargo primarily in the Baltic Sea.

We are specialized in Competitive Chartering.

At the end of 2018 we have 6 vessels on time charter.

## **Market overview and expected development**

The market in general developed positively, which has enabled us to optimize our fleet and hence provide the best possible results for both vessel and freight owners.

## **Development in activities and financial matters**

In 2018 Baltic Coaster Chartering had a total turnover of DKK 63 mil which is an increase of 62% compared to 2017. The result before tax is DKK 6,4 mil compared to DKK 2,4 mil in 2017 which is an increase of 172%.

The Mangement consider the result very satisfactory and above expectations.

We are expecting the market and development of Baltic Coaster Chartering to continue the positive development.

## **Subsequent events**

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



## Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
<b>Gross profit/loss</b>		<b>6,264,564</b>	<b>2,315,940</b>
Financial income	1	140,280	70,126
Financial expenses	2	-38,506	-48,474
<b>Profit/loss before tax</b>		<b>6,366,338</b>	<b>2,337,592</b>
Tax on profit/loss for the year	3	-58,022	15,300
<b>Net profit/loss for the year</b>		<b>6,308,316</b>	<b>2,352,892</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	6,400,000	2,500,000
Retained earnings	-91,684	-147,108
	<b>6,308,316</b>	<b>2,352,892</b>

## Balance Sheet 31 December

### Assets

	Note	2018 DKK	2017 DKK
<b>Inventories</b>		<b>746,293</b>	<b>266,620</b>
Trade receivables		5,905,799	1,310,613
Other receivables		20	80,694
Prepayments		348,887	253,006
<b>Receivables</b>		<b>6,254,706</b>	<b>1,644,313</b>
<b>Cash at bank and in hand</b>		<b>3,034,804</b>	<b>4,065,628</b>
<b>Currents assets</b>		<b>10,035,803</b>	<b>5,976,561</b>
<b>Assets</b>		<b>10,035,803</b>	<b>5,976,561</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2018 DKK	2017 DKK
Share capital		125,000	125,000
Retained earnings		52,576	144,260
Proposed dividend for the year		6,400,000	2,500,000
<b>Equity</b>		<b>6,577,576</b>	<b>2,769,260</b>
Trade payables		2,999,074	1,590,666
Payables to group enterprises		401,131	1,582,084
Corporation tax		58,022	34,551
<b>Short-term debt</b>		<b>3,458,227</b>	<b>3,207,301</b>
<b>Debt</b>		<b>3,458,227</b>	<b>3,207,301</b>
<b>Liabilities and equity</b>		<b>10,035,803</b>	<b>5,976,561</b>
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## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	125,000	144,260	2,500,000	2,769,260
Ordinary dividend paid	0	0	-2,500,000	-2,500,000
Net profit/loss for the year	0	-91,684	6,400,000	6,308,316
<b>Equity at 31 December</b>	<b>125,000</b>	<b>52,576</b>	<b>6,400,000</b>	<b>6,577,576</b>

## Notes to the Financial Statements

	<u>2018</u>	<u>2017</u>
	DKK	DKK
<b>1 Financial income</b>		
Interest received from group enterprises	10,727	0
Other financial income	1	2
Exchange gains	129,552	70,124
	<u><b>140,280</b></u>	<u><b>70,126</b></u>
<b>2 Financial expenses</b>		
Interest paid to group enterprises	0	19,675
Other financial expenses	38,506	28,799
	<u><b>38,506</b></u>	<u><b>48,474</b></u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	58,022	34,551
Adjustment of tax concerning previous years	0	-49,851
	<u><b>58,022</b></u>	<u><b>-15,300</b></u>

## Notes to the Financial Statements

	<u>2018</u>	<u>2017</u>
	DKK	DKK
<b>4 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations relate to chartering of vessels. Total future lease payments:		
Within 1 year	40,853,502	19,034,188
Between 1 and 5 years	58,616,549	19,821,942
After 5 years	670,883	0
	<u><b>100,140,934</b></u>	<u><b>38,856,130</b></u>

### Other contingent liabilities

The company is part of the national joint taxation with Baltic Holding Hundested ApS, as a management company and unlimited and jointly and severally liable with the other jointly taxed companies for total corporation tax.

# Notes to the Financial Statements

## 5 Accounting Policies

The Annual Report of Baltic Coaster Chartering ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Except for reclassifications in the income statement that have no monetary effect on profit or equity, the accounting policies applied remain unchanged compared to last year.

The Financial Statements for 2018 are presented in DKK.

### Recognition and measurement

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

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

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

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

### 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 alternative borrowing rate 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 made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

# Notes to the Financial Statements

## 5 Accounting Policies (continued)

### 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

## Income Statement

### Revenue

Revenue from the sale is recognised when the service has been rendered, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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 indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.



# Notes to the Financial Statements

## 5 Accounting Policies (continued)

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is comprised by the tonnage tax regime. No provision is made for deferred tax since no deferred tax is expected to arise under the tonnage tax regime.

The Company is jointly taxed with Danish Group Companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## **Balance Sheet**

### **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 of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Equity**

#### ***Dividend***

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

# Notes to the Financial Statements

## 5 Accounting Policies (continued)

### **Current tax receivables and liabilities**

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

### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.