

**Clipper Bulk A/S**  
Sundkrogsgade 19  
2100 København Ø  
Business Registration No  
21289086

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 31.05.2019

### **Chairman of the General Meeting**

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Name: Thomas Martinussen

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## Entity details

### Entity

Clipper Bulk A/S  
Sundkrogsgade 19  
2100 København Ø

Central Business Registration No (CVR): 21289086

Registered in: København

Financial year: 01.01.2018 - 31.12.2018

### Board of Directors

Frank Gülnar Jensen, Chairman

Peter Norborg

Henrik Lund Dal

### Executive Board

Peter Norborg

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Clipper Bulk A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 31.05.2019

### Executive Board

Peter Norborg

### Board of Directors

Frank Gülnar Jensen  
Chairman

Peter Norborg

Henrik Lund Dal

# Independent auditor's report

## To the shareholder of Clipper Bulk A/S

### Opinion

We have audited the financial statements of Clipper Bulk A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

### 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 misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

## Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events 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.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

## Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Copenhagen, 31.05.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR)  
33963556

Kim Takata Mücke  
State Authorised Public Accountant  
Identification No (MNE) mne10944

Bjarne Iver Jørgensen  
State Authorised Public Accountant  
Identification No (MNE) mne35659

## Management commentary

### Primary activities

The Company's primary activities involve commercial management of vessels globally as well as owning the subsidiaries Clipper Bulk Maritimos Transportes Ltd. and Clipper Fleet Management India Pvt. Ltd.

Furthermore, the Company owns 37,5% in Steel Connect Cooperatief U.A., which has part ownership in a steel terminal in Altamira, Mexico.

### Development in activities and finances

The profit for the year is USD 22,958k and the Company has a equity of USD 23.146k on December 31, 2018. The result of the year is considered satisfying.

The Company has made disposals on on their investments in Clipper Group (Singapore) Pte. Ltd. and Clipper Group (Hong Kong) Ltd. while acuiered ownership of Clipper Fleet Management India Pvt. Ltd. in a intra-group transaction.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



## Income statement for 2018

	<u>Notes</u>	<u>2018 USD'000</u>	<u>2017 USD'000</u>
<b>Gross profit/loss</b>		<b>13.741</b>	<b>(1.138)</b>
Staff costs		<u>(13.081)</u>	<u>0</u>
<b>Operating profit/loss</b>		<b>660</b>	<b>(1.138)</b>
Income from investments in group enterprises		21.567	(19.190)
Income from investments in associates		703	506
Other financial income		449	9
Other financial expenses		<u>(364)</u>	<u>(2)</u>
<b>Profit/loss before tax</b>		<b>23.015</b>	<b>(19.815)</b>
Tax on profit/loss for the year	1	<u>(57)</u>	<u>(187)</u>
<b>Profit/loss for the year</b>		<b><u>22.958</u></b>	<b><u>(20.002)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>22.958</u>	<u>(20.002)</u>
		<b><u>22.958</u></b>	<b><u>(20.002)</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 USD'000</u>	<u>2017 USD'000</u>
Other fixtures and fittings, tools and equipment		1.677	0
Leasehold improvements		936	0
<b>Property, plant and equipment</b>	2	<u><b>2.613</b></u>	<u><b>0</b></u>
Investments in group enterprises		458	222
Investments in associates		5.569	5.570
<b>Fixed asset investments</b>	3	<u><b>6.027</b></u>	<u><b>5.792</b></u>
<b>Fixed assets</b>		<u><b>8.640</b></u>	<u><b>5.792</b></u>
Receivables from group enterprises		34.207	28.093
Other receivables		1.801	1.444
<b>Receivables</b>		<u><b>36.008</b></u>	<u><b>29.537</b></u>
<b>Cash</b>		<u><b>604</b></u>	<u><b>630</b></u>
<b>Current assets</b>		<u><b>36.612</b></u>	<u><b>30.167</b></u>
<b>Assets</b>		<u><b>45.252</b></u>	<u><b>35.959</b></u>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 USD'000</u>	<u>2017 USD'000</u>
Contributed capital		35.385	35.385
Retained earnings		<u>(12.239)</u>	<u>(35.119)</u>
<b>Equity</b>		<b><u>23.146</u></b>	<b><u>266</u></b>
Provisions for investments in group enterprises		<u>5</u>	<u>21.682</u>
<b>Provisions</b>		<b><u>5</u></b>	<b><u>21.682</u></b>
Payables to group enterprises		18.369	13.140
Other payables		<u>3.732</u>	<u>871</u>
<b>Current liabilities other than provisions</b>		<b><u>22.101</u></b>	<b><u>14.011</u></b>
<b>Liabilities other than provisions</b>		<b><u>22.101</u></b>	<b><u>14.011</u></b>
<b>Equity and liabilities</b>		<b><u>45.252</u></b>	<b><u>35.959</u></b>
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## Statement of changes in equity for 2018

	<b>Contributed capital USD'000</b>	<b>Retained earnings USD'000</b>	<b>Total USD'000</b>
Equity beginning of year	35.385	(35.119)	266
Exchange rate adjustments	0	(78)	(78)
Profit/loss for the year	0	22.958	22.958
<b>Equity end of year</b>	<b>35.385</b>	<b>(12.239)</b>	<b>23.146</b>

## Notes

The increase in staff costs and number of employees is due to Clipper Bulk A/S has taken over the employment of the Danish employees within Clipper Group in 2018.

	<b>2018</b>	<b>2017</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>1. Tax on profit/loss for the year</b>		
Current tax	0	(243)
Adjustment concerning previous years	57	430
	<b>57</b>	<b>187</b>
	<b>Other</b>	<b>Leasehold</b>
	<b>fixtures and</b>	<b>improve-</b>
	<b>fittings,</b>	<b>ments</b>
	<b>tools and</b>	<b>USD'000</b>
	<b>equipment</b>	<b>USD'000</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>2. Property, plant and equipment</b>		
Additions	2.307	1.095
<b>Cost end of year</b>	<b>2.307</b>	<b>1.095</b>
Depreciation for the year	(630)	(159)
<b>Depreciation and impairment losses end of year</b>	<b>(630)</b>	<b>(159)</b>
<b>Carrying amount end of year</b>	<b>1.677</b>	<b>936</b>

## Notes

	<b>Invest- ments in group enterprises USD'000</b>	<b>Invest- ments in associates USD'000</b>
<b>3. Fixed asset investments</b>		
Cost beginning of year	108.011	5.569
Disposals on divestments etc	(107.772)	0
Additions	490	0
<b>Cost end of year</b>	<b>729</b>	<b>5.569</b>
Impairment losses beginning of year	(107.789)	0
Disposals on divestments etc	107.703	0
Exchange rate adjustments	(78)	0
Share of profit/loss for the year	(112)	0
Investments with negative equity value transferred to provisions	5	0
<b>Impairment losses end of year</b>	<b>(271)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>458</b>	<b>5.569</b>
	<b>Registered in</b>	<b>Equity inte- rest %</b>
Investments in group enterprises comprise:		
Clipper Fleet Management India Pvt. Ltd.	India	100,0
Clipper Bulk Transportes Maritimos Ltda	Brazil	99,9
	<b>Registered in</b>	<b>Equity inte- rest %</b>
Investments in associates comprise:		
Steel Connect Cooperatief U.A.	The Netherlands	37,5
SARL Clipper Agency Algeria	Algeria	49,0

## 4. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Clipper Group Ltd. serves as

## Notes

the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies and for income taxes for the joint taxed companies.

### **5. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Clipper Group

Clipper House

Sundkrogsgade 19

2100 Copenhagen Ø, Denmark

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year. As the Company's functional currency is in USD, the annual report has been presented in USD as the reporting currency. The exchange rate for DKK against USD is 6,52 at December 31, 2018 (2017: 6,21)

### Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

#### Revenue

Revenue comprise commercial management fee.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, IT costs, etc.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

#### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.



## Accounting policies

### Income from investments in associates

Income from investments in associates comprises dividends etc received from the individual associates in the financial year.

### Other financial income

Other financial income include interest as well as realized and unrealized foreign exchange rate translation gains.

### Other financial expenses

Other financial expenses include interest as well as realized and unrealized foreign exchange rate translation losses.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

For leasehold improvements, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

## Accounting policies

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at USD 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Cash

Cash comprises bank deposits.

### Other provisions

Other provisions relate to negative value in subsidiaries as described under "Investments in group enterprises".

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.