

Grant Thornton
Statsautoriseret
Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø
CVR-nr. 34209936
T (+45) 33 110 220
www.grantthornton.dk

T.K.B. Shipping A/S
Strandvejen 102B, 2900 Hellerup

Company reg. no. 21 42 66 95

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the

29/5 2019



Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management's review	
Company data	5
Financial highlights	6
Management's review	7
Annual accounts 1 January - 31 December 2018	
Profit and loss account	8
Balance sheet	9
Cash flow statement	11
Notes	12
Accounting policies used	15

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance USD 146.940 means the amount of USD 146,940, and that 23.5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of T.K.B. Shipping A/S for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Hellerup, 9 April 2019

Managing Director



Jacob Palle Madsen

Board of directors



Jørgen P. Dannesboe



Robert R.A. Sjøqvist



Jacob Palle Madsen



Michael Dannesboe

Independent auditor's report

To the shareholders of T.K.B. Shipping A/S

Opinion

We have audited the annual accounts of T.K.B. Shipping A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

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

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

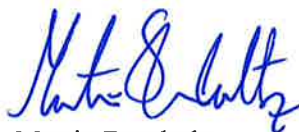
Copenhagen, 9 April 2019

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36



Ulrik Bloch-Sørensen
State Authorised Public Accountant
mnc2913



Martin Bomholtz
State Authorised Public Accountant
mnc34117

Company data

The company

T.K.B. Shipping A/S
Strandvejen 102B
2900 Hellerup

Company reg. no. 21 42 66 95
Established: 13 October 1998
Domicile: Gentofte
Financial year: 1 January - 31 December

Board of directors

Jørgen P. Dannesboe
Robert R.A. Sjøqvist
Jacob Palle Madsen
Michael Dannesboe

Managing Director

Jacob Palle Madsen

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

Thopas Holding A/S

Financial highlights

USD in thousands.	2018	2017	2016/2017	2015/2016	2014/2015
Profit and loss account:					
Gross profit	7.277	4.255	1.901	-3.766	1.302
Results from operating activities	5.355	3.496	184	-5.500	-485
Net financials	-17	-20	-30	-69	-180
Results for the year	5.091	3.134	449	-5.570	45
Balance sheet:					
Balance sheet sum	17.132	9.808	7.763	6.248	14.597
Equity	8.843	5.253	2.119	1.670	7.239
Cash flow:					
Operating activities	2.525	1.752	1.338	0	0
Financing activities	-1.500	0	0	0	0
Cash flow in total	1.025	1.752	1.338	0	0
Employees:					
Average number of full time employees	12	14	14	14	14
Key figures in %:					
Solvency ratio	51,6	53,6	27,3	26,7	49,6
Return on equity	72,2	85,0	23,7	-125,0	0,6

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The financial highlights for 2017 only comprise the period 1/7 2017 to 31/12 2017.

The key figures appearing from the survey have been calculated as follows:

Equity share	$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$
Return on equity	$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$

Management's review

The principal activities of the company

Like previous years, the principal activities are shipping activities.

Environmental issues

Pollution and the environment can be a major factor in shipping today. As the company operates with chartered vessels, environmental conditions are handled by the shipowners.

Development in activities and financial matters

The gross profit for the year is USD 7.276.863 against USD 4.255.000 for the comparative period 1/7-31/12 2017. The results from ordinary activities after tax are USD 5.090.755 against USD 3.134.000 for the comparative period 1/7-31/12 2017. The management consider the results satisfactory and expects a profit for the 2019.

Events subsequent to the financial year

No events have occurred after the balance sheet date that upset the assessment of the annual report.

Profit and loss account

Amounts concerning 2018: USD.

Amounts concerning 2017: USD in thousands.

<u>Note</u>	1/1 - 31/12	1/7 - 31/12
	2018	2017
Gross profit	7.276.863	4.255
1 Staff costs	-1.921.969	-759
Operating profit	5.354.894	3.496
2 Other financial income	55.101	7
Other financial costs	-71.704	-27
Results before tax	5.338.291	3.476
Tax on ordinary results	-247.536	-342
3 Results for the year	5.090.755	3.134

Balance sheet 31 December

Amounts concerning 2018: USD.

Amounts concerning 2017: USD in thousands.

Assets			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Current assets			
	Bunker oil stocks	4.608.890	1.740
	Inventories in total	4.608.890	1.740
	Trade debtors	4.430.288	988
4	Voyages in progress	2.279.707	2.400
	Other debtors	297.523	137
5	Accrued income and deferred expenses	25.109	0
	Debtors in total	7.032.627	3.525
	Available funds	5.490.565	4.543
	Current assets in total	17.132.082	9.808
	Assets in total	17.132.082	9.808

Balance sheet 31 December

Amounts concerning 2018: USD.

Amounts concerning 2017: USD in thousands.

Equity and liabilities			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Equity			
6	Contributed capital	142.741	143
7	Results brought forward	8.700.754	3.610
8	Proposed dividend for the financial year	0	1.500
	Equity in total	8.843.495	5.253
Liabilities			
	Corporate tax	0	92
	Long-term liabilities in total	0	92
4	Voyages in progress	4.164.613	1.693
	Trade creditors	3.538.581	1.999
	Corporate tax	9.345	0
	Other debts	576.048	771
	Short-term liabilities in total	8.288.587	4.463
	Liabilities in total	8.288.587	4.555
	Equity and liabilities in total	17.132.082	9.808

9 Contingencies

Cash flow statement

Amounts concerning 2018: USD.

Amounts concerning 2017: USD in thousands.

<u>Note</u>	<u>1/1 - 31/12 2018</u>	<u>1/7 - 31/12 2017</u>
Results for the year	5.090.755	3.134
10 Adjustments	264.139	362
11 Change in working capital	-2.561.576	-1.749
Cash flow from operating activities before net financials	2.793.318	1.747
Interest received and similar amounts	55.105	6
Interest paid and similar amounts	-16	-1
Cash flow from ordinary activities	2.848.407	1.752
Corporate tax paid	-323.700	0
Cash flow from operating activities	2.524.707	1.752
Dividend paid	-1.500.000	0
Cash flow from financing activities	-1.500.000	0
Changes in available funds	1.024.707	1.752
Available funds 1 January 2018	4.543.803	2.817
Exchange rate adjustments (available funds)	-77.945	-26
Available funds 31 December 2018	5.490.565	4.543
Available funds		
Available funds	5.490.565	4.543
Available funds 31 December 2018	5.490.565	4.543

Notes

Amounts concerning 2018: USD.

Amounts concerning 2017: USD in thousands.

	1/1 - 31/12 2018	1/7 - 31/12 2017
1. Staff costs		
Salaries and wages	1.773.993	692
Pension costs	124.538	60
Other costs for social security	13.154	6
Other staff costs	10.284	1
	1.921.969	759
 Average number of employees	 12	 14
The Management remuneration has been omitted because only one category have been remunerated.		
2. Other financial income		
Interest, banks	53.706	6
Interest, group company	1.395	1
	55.101	7
3. Proposed distribution of the results		
Dividend for the financial year	0	1.500
Allocated to results brought forward	5.090.755	1.634
Distribution in total	5.090.755	3.134
4. Voyages in progress		
Sales value of the production of the period	4.851.460	5.583
Payments on account received	-6.736.366	-4.876
Voyages in progress , net	-1.884.906	707
The following is recognised:		
Voyages in progress (Current assets)	2.279.707	2.400
Voyages in progress (Short-term liabilities)	-4.164.613	-1.693
	-1.884.906	707

Notes

Amounts concerning 2018: USD.

Amounts concerning 2017: USD in thousands.

	31/12 2018	31/12 2017
5. Accrued income and deferred expenses		
Prepaid insurance	25.109	0
	25.109	0
6. Contributed capital		
Contributed capital 1 January 2018	142.741	143
	142.741	143
No changes in the contributed capital have been made within the last 5 years.		
7. Results brought forward		
Results brought forward 1 January 2018	3.609.999	1.976
Profit or loss for the year brought forward	5.090.755	1.634
	8.700.754	3.610
8. Proposed dividend for the financial year		
Dividend 1 January 2018	1.500.000	0
Distributed dividend	-1.500.000	0
Dividend for the financial year	0	1.500
	0	1.500
9. Contingencies		
Contingent liabilities		
Contractual obligations		

The company's annual rent obligation amount to 165.929 USD.

The company has entered into long-term lease agreements for foreign tonnage. The total commitment amounts to December 31, 2018 USD 18,938,603, of which USD 16,644,038 relates to the financial year 2019 and USD 2,294,565 relates to the financial year 2020.

Notes

Amounts concerning 2018: USD.

Amounts concerning 2017: USD in thousands.

9. Contingencies (continued)**Joint taxation**

The company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

	1/1 - 31/12 2018	1/7 - 31/12 2017
10. Adjustments		
Other financial income	-55.101	-7
Other financial costs	71.704	27
Tax on ordinary results	247.536	342
	264.139	362
11. Change in working capital		
Change in inventories	-2.868.550	958
Change in debtors	-3.507.413	-1.617
Change in trade creditors and other liabilities	3.814.387	-1.090
	-2.561.576	-1.749

Accounting policies used

The annual report for T.K.B. Shipping A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in American dollars (USD).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies used

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Contract work in progress concerning construction contracts is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, when it is likely that the financial benefits will be received by the company, when the degree of completion for each contract can be determined reliably and when the related costs associated with the work performed to date and the completion of the journeys can be reliably measured.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

The degree of completion is determined on the basis of the travel time carried out in relation to the expected total travel time.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Accounting policies used

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Inventories

Inventories comprise bunker oil kept on board vessels. Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Voyages in progress

Voyages in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Voyages in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

Accounting policies used

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, T.K.B. Shipping A/S is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

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

Accounting policies used

The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.