

**African Leader Shipping
ApS**
Strevelinsvej 34
7000 Fredericia
Central Business Registration No
28298617

Annual report 2017

The Annual General Meeting adopted the annual report on 04.05.2018

Chairman of the General Meeting

Name: Kenneth Henriks

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Entity details

Entity

African Leader Shipping ApS
Strevelinsvej 34
7000 Fredericia

Central Business Registration No: 28298617

Registered in: Fredericia

Financial year: 01.01.2017 - 31.12.2017

Executive Board

Anders Østergaard, CEO
Kenneth Henriks
Svend Stenberg Mølholt

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of African Leader Shipping ApS for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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.

Fredericia, 04.05.2018

Executive Board

Anders Østergaard
CEO

Kenneth Henriks

Svend Stenberg Mølholt

Independent auditor's report

To the shareholder of African Leader Shipping ApS

Opinion

We have audited the financial statements of African Leader Shipping ApS for the financial year 01.01.2017 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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, 04.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Kåre Valtersdorf
State Authorised Public Accountant
Identification number (MNE) mne34490

Peter Aslak Storgaard
State Authorised Public Accountant
Identification number (MNE) mne33767

Management commentary

Primary activities

The main activity of the Company is to own and operate oil cargo ships and charter it to affiliates.

Development in activities and finances

The result for the year shows a profit at USD 261.165 against a profit last year at USD 1.299.153. The profit for the year is satisfactory.

Uncertainty relating to recognition and measurement

The Vessel has been assessed for possible impairment based on identified impairment indicators and no impairment has been identified. The impairment test is based primarily on sales agreement with independent thirdparty signed on 7 March 2018.

Events after the balance sheet date

The vessel has been sold as of 7 March 2018. No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017 USD</u>	<u>2016 USD</u>
Gross profit		2,788,000	2,518,973
Depreciation, amortisation and impairment losses		<u>(2,074,372)</u>	<u>(857,824)</u>
Operating profit/loss		713,628	1,661,149
Other financial income	1	2,659	26,265
Other financial expenses	2	<u>(168,421)</u>	<u>(299,220)</u>
Profit/loss before tax		547,866	1,388,194
Tax on profit/loss for the year	3	<u>(286,701)</u>	<u>(89,041)</u>
Profit/loss for the year		<u>261,165</u>	<u>1,299,153</u>
Proposed distribution of profit/loss			
Retained earnings		<u>261,165</u>	<u>1,299,153</u>
		<u>261,165</u>	<u>1,299,153</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 USD</u>	<u>2016 USD</u>
Ships		5,451,349	7,525,721
Property, plant and equipment	4	5,451,349	7,525,721
Fixed assets		5,451,349	7,525,721
Raw materials and consumables		39,832	60,808
Inventories		39,832	60,808
Receivables from group enterprises		512,899	680,007
Other receivables		3,711	0
Prepayments		48,940	109,540
Receivables		565,550	789,547
Cash		34,599	184,244
Current assets		639,981	1,034,599
Assets		6,091,330	8,560,320

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 USD</u>	<u>2016 USD</u>
Contributed capital		22,088	22,088
Retained earnings		3,927,865	3,666,700
Equity		3,949,953	3,688,788
Deferred tax		484,432	902,476
Provisions		484,432	902,476
Trade payables		97,617	143,627
Payables to group enterprises		1,018,363	3,633,129
Income tax payable		491,364	108,700
Other payables		49,601	83,600
Current liabilities other than provisions		1,656,945	3,969,056
Liabilities other than provisions		1,656,945	3,969,056
Equity and liabilities		6,091,330	8,560,320
Contingent liabilities	5		
Group relations	6		

Statement of changes in equity for 2017

	Contributed capital USD	Retained earnings USD	Total USD
Equity beginning of year	22,088	3,666,700	3,688,788
Profit/loss for the year	0	261,165	261,165
Equity end of year	22,088	3,927,865	3,949,953

Notes

	2017	2016
	USD	USD
1. Other financial income		
Financial income arising from group enterprises	652	360
Interest income	2,007	4,023
Other financial income	0	21,882
	2,659	26,265

	2017	2016
	USD	USD
2. Other financial expenses		
Financial expenses from group enterprises	91,500	225,418
Interest expenses	2,753	46,350
Other financial expenses	74,168	27,452
	168,421	299,220

	2017	2016
	USD	USD
3. Tax on profit/loss for the year		
Tax on current year taxable income	490,876	115,830
Change in deferred tax for the year	(370,744)	(4,880)
Adjustment concerning previous years	166,569	(21,909)
	286,701	89,041

	Ships
	USD
4. Property, plant and equipment	
Cost beginning of year	9,861,115
Cost end of year	9,861,115
Depreciation and impairment losses beginning of the year	(2,335,394)
Impairment losses for the year	(946,460)
Depreciation for the year	(1,127,912)
Depreciation and impairment losses end of the year	(4,409,766)
Carrying amount end of year	5,451,349

The ships residual value is estimated to USD 5,595,600. The vessel is sold on 7 March 2018.

5. Contingent liabilities

The Monjasa Holding A/S is the management company for the Group's Danish jointly taxed companies until

Notes

30 August 2017. As from 30 August 2017 Endeavour Invest ApS is the management company for the Danish jointly taxed companies. The management company has unlimited, joint and several liability together with the other jointly taxed companies for all corporate income taxes arising under the joint taxation scheme. From 30 August 2017 Endeavour Invest ApS has unlimited, joint and several liability for the withholding taxes payable by the companies in the joint taxation scheme. Corporate income tax payable for the Danish jointly taxed companies amounted to USD 0m at 31 December 2017 (2016: USD 0m).

6. Group relations

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

Monjasa Holding A/S, Fredericia

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.

The functional and presentation currency is USD with the applied exchange rate for 2017: 6.21 (2016: 7.05).

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the operations and chartering activity is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Cost of sales

Cost of sales comprises costs of consumables for the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for stationery and office supplies etc. This item also includes writedowns of receivables recognised in current assets.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to ships including docking and overhaul comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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 the Danish Parent company. 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

Ships including docking and overhaul 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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Accounting policies

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:

Docking and overhaul	5 years
Ships	30 years

Estimated useful lives and residual values are reassessed annually.

Ships including docking and overhaul are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax