

GAC Denmark A/S

Hummeltoftevej 49
2830 Virum

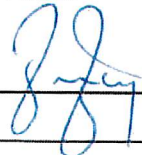
CVR no. 31 17 75 96

Annual report 2018

The annual report was presented and approved at the
Company's annual general meeting on

10 April 2019

Ivo R. M. Verheven

A handwritten signature in blue ink, appearing to read 'Ivo R. M. Verheven', is written over a horizontal line.

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of GAC Denmark A/S for the financial year 1 January – 31 December 2018.

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

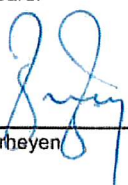
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.


Virum, 10 April 2019

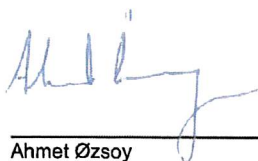
Executive Board:

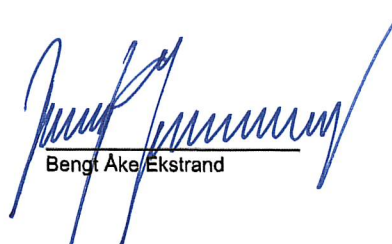


Ivo R. M. Verheyen

Board of Directors:



Ivo R. M. Verheyen
Chairman

Ahmet Özsoy

Bengt Åke Ekstrand

Independent auditor's report

To the shareholder of GAC Denmark A/S

Opinion

We have audited the financial statements of GAC Denmark A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position 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.

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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding matters in the financial statements

Without qualifying our opinion, we draw attention to note 2 in which Management describes the capital resources of the Company. It is stated that the Company is financed by credit lines in banks and by loans from other companies in the GAC Group and that the GAC Group has confirmed its intention to continue to provide sufficient funding as long as the Company is included in the GAC Group to enable the Company to continue its activities in 2019.

Management's responsibility 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 that 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 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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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 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.



Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 10 April 2019

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Kenn W. Hansen
State Authorised
Public Accountant
mne30154

GAC Denmark A/S
Annual report 2018
CVR no. 31 17 75 96

Management's review

Company details

GAC Denmark A/S
Hummeltoftevej 49
2830 Virum

CVR no.:	31 17 75 96
Established:	20 December 2007
Registered office:	Virum
Financial year:	1 January – 31 December

Board of Directors

Ivo R. M. Verheyen, Chairman
Ahmet Özsoy
Bengt Åke Ekstrand

Executive Board

Ivo R. M. Verheyen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 10 April 2019.

Management's review

Operating review

Core activities

The Company's purpose is to operate chartering, shipping agency and logistics as well as other related services.

Development in activities and financial position

The income statement for 2018 showed a loss of DKK 6,214 thousand, and at 31 December 2018, the balance sheet showed equity of DKK -7,548 thousand.

Capital resources

GAC Denmark A/S and its subsidiaries are included in the GAC Group and are financially interrelated. The Companies are funded by credit facilities in banks and by loans granted by other companies within the GAC Group.

The Companies realised losses in 2018 and 2017, and it is expected that the Companies will also experience a challenging 2019 resulting in losses, and the future optimum financing of the activities is still discussed with the GAC Group. Under the assumption that the Companies are still included in the GAC Group, other companies in the GAC Group have confirmed their intention to continue providing financial support so that the Companies can continue their activities in 2019.

Management expects that the existing credit lines and loans as well as the confirmation from the GAC Group of the intention to continue supporting the Companies financially provide a sufficient basis for preparing the financial statements under the going concern assumption.

In 2018, the Company received a remission of debt of its subordinated loan in the amount of DKK 52,419 thousand.

There have been no other significant changes in GAC Denmark A/S' or the Group's capital resources after 31 December 2018.

Uncertainty regarding recognition and measurement

Recognition and measurement of deferred tax assets and receivables and uncompleted transports are subject to uncertainty and estimates. Due to uncertainties in the market situation for the Company, including timing of the utilisation of the deferred tax asset, no deferred tax asset has been recognised at 31 December 2018 (31 December 2017: DKK 0).

Outlook

For 2019, the Company is expecting increased activity and a positive operating result.

Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Gross profit		2,254	2,041
Staff costs	3	-3,122	-3,529
Depreciation, amortisation and impairment losses	4	-170	-92
Operating loss		-1,038	-1,580
Income from equity investments in group entities	5	171	-4,904
Financial income		71	325
Financial expenses	6	-5,418	-1,886
Loss before tax		-6,214	-8,045
Tax on profit/loss for the year		0	0
Loss for the year		-6,214	-8,045
Proposed distribution of loss			
Retained earnings		-6,214	-8,045

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
ASSETS			
Fixed assets			
Intangible assets	7		
Software		240	179
Property, plant and equipment	8		
Fixtures and fittings, tools and equipment		204	158
Investments			
Equity investments in group entities	5	318	217
Deposits		104	60
		422	277
Total fixed assets		866	614
Current assets			
Receivables			
Trade receivables		1,682	1,958
Receivables from group entities		3,238	1,555
Other receivables		701	486
Prepayments		16	4
		5,637	4,003
Cash at bank and in hand		1,161	389
Total current assets		6,798	4,392
TOTAL ASSETS		7,664	5,006

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity	9		
Contributed capital	9	800	800
Retained earnings		-8,348	-54,549
Total equity		-7,548	-53,749
Provisions			
Provisions for equity investments in subsidiaries	5	1,775	765
Total provisions		1,775	765
Liabilities other than provisions			
Non-current liabilities other than provisions			
Subordinary loan capital	10	0	43,670
Current liabilities other than provisions			
Banks		8,384	7,051
Trade payables		3,407	6,113
Payables to group entities		959	397
Other payables		687	759
		13,437	14,320
Total liabilities other than provisions		13,437	57,990
TOTAL EQUITY AND LIABILITIES		7,664	5,006
Disclosure of material uncertainties regarding going concern	2		
Contractual obligations, contingencies, etc.	11		
Related party disclosures	12		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2018	800	-54,549	-53,749
Exchange adjustment	0	-4	-4
Transferred over the distribution of loss	0	-6,214	-6,214
Contribution from group	0	52,419	52,419
Equity at 31 December 2018	800	-8,348	-7,548

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of GAC Denmark A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reclassifications to comparative figures in the financial statements have been made.

Omission of consolidated financial statements

Pursuant to section 110(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 are translated using the exchange rate at the balance sheet date. Exchange rate differences between the rate at the transaction date and the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

According to section 32 in the Danish Financial Statements Act, the Company has decided to only present gross profit.

Revenue

Income from the sale of services, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Costs of sales

Cost of sales comprise all costs incurred to provide shipping services, logistics and other transportation activities.

Other operating costs

Other operating expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, management fee, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise salaries and wages as well as social security cost, pension contributions, etc., for the Company's staff.

Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax 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 directly attributable to the profit for the year and recognised directly in equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for tax from previous years' income and prepaid tax.

Balance sheet

Intangible assets

Software is measured at cost less accumulated amortisation and impairment losses.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful life is three years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-10 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement in a separate line.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement in depreciation, amortisation and impairment.

Equity investments in group entities

Equity investments in group entities and associates are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities and associates with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities and associates is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report are not tied up in the revaluation reserve.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortized cost, which usually correspond to nominal value. Writedown is made for bad debt losses where there is an objective indication that a receivable has been impaired. Write-down is made to expected net realisable value based on a concrete assessment.

Prepayments

Prepayments recognised under current assets comprise cost incurred concerning subsequent reporting years.

Financial liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Provisions

Subsidiaries with a negative equity value is recognised under provisions if the parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Equity investments in group entities

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report, are not tied up in the revaluation reserve.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

2 Disclosure of material uncertainties regarding going concern

GAC Denmark A/S and its subsidiaries are included in the GAC Group and are financially interrelated. The companies are funded by credit facilities in banks and by loans granted by other companies within the GAC Group.

The Companies have realised losses in 2017 and 2018, and it is expected that the Companies will also experience a challenging 2019 resulting in losses, and the future optimum financing of the activities is still discussed with the GAC Group. Under the assumption that the companies are still included in the GAC Group, other companies in the GAC Group have confirmed their intention to continue providing financial support so that the Companies can continue their activities in 2019.

Management expects that the existing credit lines and loans as well as the confirmation from the GAC Group of the intention to continue to support the Companies financially provide a sufficient basis for preparing the financial statements under the going concern assumption.

In 2018, the Company received a remission of debt of its subordinated loan of DKK 52,419 thousand, and thereafter the loan totalled DKK 0 thousand at 31 December 2018.

DKK'000	2018	2017
3 Staff costs		
Wages and salaries	2,612	3,087
Pensions	344	320
Other social security costs	55	123
Other staff costs	111	-1
	<u>3,122</u>	<u>3,529</u>
Average number of full-time employees	<u>8</u>	<u>11</u>

Financial statements 1 January – 31 December

Notes

4 Depreciation, amortisation and impairment losses

DKK'000	2018	2017
Depreciation intangible assets	51	44
Depreciation property, plant and equipment	104	62
Gain/loss on disposal	15	-14
	<u>170</u>	<u>92</u>

5 Investments

DKK'000	Equity investments in group entities
Cost at 1 January 2018	32,688
Additions for the year	<u>1,625</u>
Cost at 31 December 2018	<u>34,313</u>
Revaluations at 1 January 2018	-35,937
Exchange adjustment	-4
Revaluations for the year, net	<u>171</u>
Revaluations 31 December 2018	<u>-35,770</u>
Carrying amount at 31 December 2018	<u>-1,457</u>

The carrying amount of subsidiaries is recognised as follows:

Equity investments in group entities	318
Provisions for equity investments in subsidiaries	<u>-1,775</u>
Carrying amount at 31 December 2018	<u>-1,457</u>

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
Joship AB	Sweden	100%	-1,775	-211
GAC Sweden AB	Sweden	100%	201	-1,813
Scanweco Fragtmeglerne AS	Norway	100%	<u>117</u>	<u>-68</u>
			<u>-1,457</u>	<u>-2,092</u>

Financial statements 1 January – 31 December

Notes

6 Financial expenses

DKK'000	2018	2017
Interest expense to group entities	1,357	1,115
Other financial costs	343	306
Exchange losses	42	465
Debt forgiveness	3,676	0
	<u>5,418</u>	<u>1,886</u>

7 Intangible assets

DKK'000	Software
Cost at 1 January 2018	223
Additions for the year	112
Cost at 31 December 2018	<u>335</u>
Amortisation and impairment losses at 1 January 2018	-44
Amortisation for the year	-51
Amortisation and impairment losses at 31 December 2018	<u>-95</u>
Carrying amount at 31 December 2018	<u>240</u>

8 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment
Cost at 1 January 2018	5,108
Additions for the year	150
Disposals for the year	<u>-4,796</u>
Cost at 31 December 2018	<u>462</u>
Depreciation and impairment losses at 1 January 2018	-4,950
Depreciation for the year	-104
Depreciation and impairment losses for the year on assets sold	<u>4,796</u>
Depreciation and impairment losses at 31 December 2018	<u>-258</u>
Carrying amount at 31 December 2018	<u>204</u>

9 Equity

The share capital consists of 8,000 shares of a nominal value of DKK 100. No shares carry any special rights.

Financial statements 1 January – 31 December

Notes

10 Non-current liabilities other than provisions

DKK'000

Non-current liabilities other than provisions can be specified as follows:

Subordinated loan capital:

2018	2017
0	43,670
0	43,670

11 Contractual obligations, contingencies, etc.

The Company has no mortgages.

As co-guarantor, the Company is jointly and severally liable together with its subsidiary for a joint credit facility in a credit institute with a credit facility of DKK 10,500 thousand.

The Company has signed a rental agreement with a commitment for DKK 1,023 thousand.

The Company has signed lease agreements with a total commitment of DKK 1,739 thousand.

12 Related party disclosures

GAC Denmark A/S' related parties comprise the following:

Control

GAC Shipping (UK) Limited, 2A Gateway Business Park, Grangemouth, FK3 8WX, Storbritannien

GAC Shipping (UK) Limited holds the majority of the share capital in the Company

GAC Denmark A/S is part of the consolidated financial statements of Gulf Agency Company Limited, P.O. BoX 18006, Jebel Ali, Dubai, United Arab Emirates, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Gulf Agency Company Limited can be obtained by contacting the Company.