

GAC Denmark A/S

Hummeltoftevej 49
2830 Virum
Denmark

CVR no. 31 17 75 96

Annual report 2019

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

1 May 2020

Ivo R. M. Verheyen
chairman

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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 2019.

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

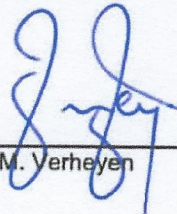
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

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.

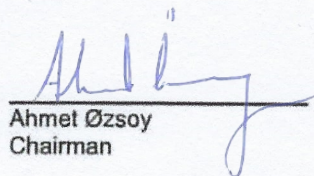
Virum, 1 May 2020

Executive Board:

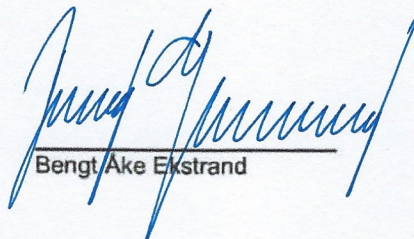


Ivo R. M. Verheyen

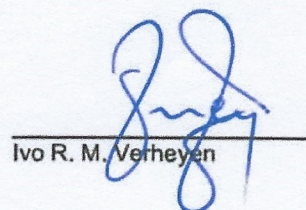
Board of Directors:



Ahmet Özsoy
Chairman



Bengt Åke Ekstrand



Ivo R. M. Verheyen



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 2019 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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 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

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, 1 May 2020

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Kenn W. Hansen
State Authorised
Public Accountant
mne30154

GAC Denmark A/S
Annual report 2019
CVR no. 31 17 75 96

Management's review

Company details

GAC Denmark A/S
Hummeltoftevej 49
2830 Virum
Denmark

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

Board of Directors

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

Executive Board

Ivo R. M. Verheyen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

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 2019 showed a profit of DKK 2,879 thousand, and at 31 December 2019, the balance sheet showed equity of DKK 2,107 thousand.

The company has in 2019 received a contribution from the shareholder of DKK 6,750 thousand.

Uncertainty regarding recognition and measurement

Recognition and measurement of deferred tax assets 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 has not been recognised. The deferred tax asset not recognised amount to DKK 8,721 thousand at 31 December 2019 (31 December 2018: DKK 8,759).

Outlook

For 2020, the Company is expecting increased activity and a positive operating result.

Subsequent events

The COVID-19 pandemic is expected to have limited impact to GAC Denmark's day to day business and overall income in 2020.

However, due to the insecurity and cancelled / postponed project in the Oil & Gas sector we expect that payments from clients will be delayed which will have a impact on GAC Denmark's cash flow.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Gross profit		6,057	2,254
Staff costs	2	-5,203	-3,122
Depreciation, amortisation and impairment losses		-268	-170
Operating profit/loss		586	-1,038
Income from equity investments in group entities	3	2,730	171
Financial income		46	71
Financial expenses	4	-483	-5,418
Profit/loss before tax		2,879	-6,214
Tax on profit/loss for the year		0	0
Profit/loss for the year		2,879	-6,214
Proposed profit appropriation/distribution of loss			
Retained earnings		2,879	-6,214
		2,879	-6,214

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
ASSETS			
Fixed assets			
Intangible assets	5		
Software		<u>172</u>	<u>240</u>
Property, plant and equipment	6		
Fixtures and fittings, tools and equipment		<u>421</u>	<u>204</u>
Investments	3		
Equity investments in group entities		3,248	318
Receivables from group entities		365	0
Deposits		<u>128</u>	<u>104</u>
		<u>3,741</u>	<u>422</u>
Total fixed assets		<u>4,334</u>	<u>866</u>
Current assets			
Receivables			
Trade receivables		1,862	1,682
Receivables from group entities		7,891	3,238
Other receivables		1,280	701
Prepayments		<u>29</u>	<u>16</u>
		<u>11,062</u>	<u>5,637</u>
Cash at bank and in hand		<u>4,606</u>	<u>1,161</u>
Total current assets		<u>15,668</u>	<u>6,798</u>
TOTAL ASSETS		<u><u>20,002</u></u>	<u><u>7,664</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital	7	800	800
Retained earnings		1,307	-8,348
Total equity		<u>2,107</u>	<u>-7,548</u>
Provisions			
Provisions for equity investments in subsidiaries	3	1,629	1,775
Total provisions		<u>1,629</u>	<u>1,775</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Other payables	8	187	0
Current liabilities other than provisions			
Banks, current liabilities		9,128	8,384
Trade payables		5,839	3,407
Payables to group entities		0	959
Other payables		1,112	687
		<u>16,079</u>	<u>13,437</u>
Total liabilities other than provisions		<u>16,266</u>	<u>13,437</u>
TOTAL EQUITY AND LIABILITIES		<u>20,002</u>	<u>7,664</u>
Contingent assets			
	9		
Contractual obligations, contingencies, etc.	10		
Related party disclosures	11		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2019	800	-8,348	-7,548
Exchange adjustments	0	26	26
Transferred over the distribution of profit	0	2,879	2,879
Contribution from group	0	6,750	6,750
Equity at 31 December 2019	800	1,307	2,107

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of GAC Denmark A/S for 2019 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.

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 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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 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.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK'000	2019	2018
Wages and salaries	4,652	2,612
Pensions	335	344
Other social security costs	67	55
Other staff costs	149	111
	<u>5,203</u>	<u>3,122</u>
Average number of full-time employees	<u>9</u>	<u>8</u>

Financial statements 1 January – 31 December

Notes

3 Equity investment in group entities

DKK'000	2019	2018
Cost at 1 January	34,313	32,688
Additions for the year	364	1,625
Disposals for the year	-2,986	0
Cost at 31 December	31,691	34,313
Revaluations at 1 January	-35,770	-35,937
Exchange adjustment	67	-4
Result for the year, net	2,730	171
Reversal of write-down related to disposals	2,901	0
Revaluations 31 December	-30,072	-35,770
Carrying amount at 31 December	1,619	-1,457

The carrying amount of subsidiaries is recognised as follows:	2019	2018
Equity investments in group entities	3,248	318
Provisions for equity investments in subsidiaries	-1,629	-1,775
Carrying amount at 31 December	1,619	-1,457

Name	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
Joship AB	Sweden	100%	-1,629	-244
GAC Sweden AB	Sweden	100%	3,248	3,005
Scanweco Fragtmeglerne AS	Norway	100%	0	-31
			1,619	2,730

Financial statements 1 January – 31 December

Notes

4 Financial expenses

DKK'000	<u>2019</u>	<u>2018</u>
Interest expense to group entities	0	1,357
Other financial costs	447	343
Exchange losses	36	42
Debt forgiveness	<u>0</u>	<u>3,676</u>
	<u>483</u>	<u>5,418</u>

5 Intangible assets

DKK'000	<u>Software</u>
Cost at 1 January 2019	335
Additions for the year	<u>54</u>
Cost at 31 December 2019	<u>389</u>
Amortisation and impairment losses at 1 January 2019	-95
Amortisation for the year	<u>-123</u>
Amortisation and impairment losses at 31 December 2019	<u>-218</u>
Carrying amount at 31 December 2019	<u>171</u>

6 Property, plant and equipment

DKK'000	<u>Fixtures and fittings, tools and equipment</u>
Cost at 1 January 2019	462
Additions for the year	<u>362</u>
Cost at 31 December 2019	<u>824</u>
Depreciation and impairment losses at 1 January 2019	-258
Depreciation for the year	<u>-145</u>
Depreciation and impairment losses at 31 December 2019	<u>-403</u>
Carrying amount at 31 December 2019	<u>421</u>

7 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

8 Non-current liabilities other than provisions

DKK'000	2019	2018
Holiday allowance from the transition period	187	0
	187	0

9 Contingent assets

At 31 December 2019 the Company has a deferred tax asset of DKK 8,721 thousand, which is not recognised in the financial statements as it is unsure if the tax asset can be utilized.

10 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 (FY2018: DKK 10,500 thousand).

The Company has signed a rental agreement with a commitment for DKK 570 thousand (FY2018: DKK 1,023 thousand).

The Company has signed lease agreements with a total commitment of DKK 1,573 thousand (FY2018: DKK 1,739 thousand).

11 Related party disclosures

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

Consolidated financial statements

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.