# KIRK Shipping A/S

Havneøen 1, DK-7100 Vejle

# Annual Report for 1 January - 31 December 2018

CVR No 31 85 19 98

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 9 /4 2019

Martin Deppe Mørup Chairman of the General Meeting

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## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of KIRK Shipping A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vejle, 9 April 2019

#### **Executive Board**

Martin Deppe Mørup

### **Board of Directors**

Kim Gulstad Chairman Martin Deppe Mørup

Jacob Steen Jensen

## **Independent Auditor's Report**

To the Shareholder of KIRK Shipping A/S

### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company 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.

We have audited the Financial Statements of KIRK Shipping A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

Based on the work we have performed, in our view, 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 in Management's Review.

## 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.

## **Independent Auditor's Report**

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.

### 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:

- 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 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.

## **Independent Auditor's Report**

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.

Aarhus, 9 April 2019 **PricewaterhouseCoopers** Statsautoriseret Revisionspartnerselskab *CVR No 33 77 12 31* 

Henrik Kragh State Authorised Public Accountant mne26783 Claus Lyngsø Sørensen State Authorised Public Accountant mne34539

## **Company Information**

**The Company** KIRK Shipping A/S

Havneøen 1 DK-7100 Vejle

CVR No: 31 85 19 98

Financial period: 1 January - 31 December

Municipality of reg. office: Vejle

**Board of Directors** Kim Gulstad, Chairman

Martin Deppe Mørup Jacob Steen Jensen

**Executive Board** Martin Deppe Mørup

**Auditors** PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Nobelparken

Jens Chr. Skous Vej 1 DK-8000 Aarhus C

## **Management's Review**

## **Key activities**

The objective of the Company is to operate business within trade and industry, including commercial activities in the shipping industry, and other related activities.

## Development in the year

The income statement of the Company for 2018 shows a profit of USDk 3,067, and at 31 December 2018 the balance sheet of the Company shows equity of USDk 2,727.

## **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## **Income Statement 1 January - 31 December 2018**

	Note	2018	2017
		USDk	USDk
Gross profit/loss		-93	-86
Income from investments in subsidiaries		3,115	-32,710
Income from investments in associates		218	86
Financial income	1	37	108
Financial expenses	2	-902	-1,193
Profit/loss before tax		2,375	-33,795
Tax on profit/loss for the year	3	692	-1,066
Net profit/loss for the year	-	3,067	-34,861
Distribution of profit			
Proposed distribution of profit			
Extraordinary dividend paid		34,398	2,373
Reserve for net revaluation under the equity method		19	167
Retained earnings	-	-31,350	-37,401
		3,067	-34,861

## **Balance Sheet 31 December 2018**

## Assets

	Note	2018	2017
		USDk	USDk
Investments in subsidiaries	4	1,269	72,965
Investments in associates	5	674	656
Other investments	6	0	207
Other receivables	6	0	320
Fixed asset investments	-	1,943	74,148
Fixed assets	-	1,943	74,148
Receivables from group enterprises		3	1
Other receivables		1	0
Deferred tax asset		0	61
Corporation tax	_	693	0
Receivables	-	697	62
Cash at bank and in hand	-	109	432
Currents assets	-	806	494
Assets	-	2,749	74,642

## **Balance Sheet 31 December 2018**

## Liabilities and equity

	Note	2018	2017
		USDk	USDk
Share capital		95	95
Reserve for net revaluation under the equity method		186	167
Retained earnings	-	2,446	33,797
Equity	7 -	2,727	34,059
Credit institutions	_	0	33,500
Long-term debt	8 -	0	33,500
Credit institutions	8	0	6,000
Trade payables		10	2
Payables to group enterprises		9	4
Corporation tax		0	1,065
Other payables	-	3	12
Short-term debt	-	22	7,083
Debt	-	22	40,583
Liabilities and equity	-	2,749	74,642
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## **Statement of Changes in Equity**

		Reserve for net revaluation		
		under the equity	Retained	
	Share capital	method	earnings	Total
	USDk	USDk	USDk	USDk
Equity at 1 January	95	167	33,796	34,058
Extraordinary dividend paid	0	0	-34,398	-34,398
Net profit/loss for the year	0	19	3,048	3,067
Equity at 31 December	95	186	2,446	2,727

	2018	2017
1 Financial income	USDk	USDk
Income from fixed asset investments	13	20
Interest received from group enterprises	11	3
Other financial income	9	9
Exchange gains	4	76
	37	108
2 Financial expenses		
Interest paid to group enterprises	34	8
Other financial expenses	868	1,183
Exchange loss	0	2
	902	1,193
3 Tax on profit/loss for the year		
Current tax for the year	-693	1,065
Deferred tax for the year	61	1
Adjustment of tax concerning previous years		0
	-692	1,066

	2018	2017
Investments in subsidiaries	USDk	USDk
Cost at 1 January	166,477	166,477
Cost at 31 December	166,477	166,477
Value adjustments at 1 January	-93,512	-52,630
Net profit/loss for the year	3,115	-32,710
Dividend to the Parent Company	-74,811	-8,172
Value adjustments at 31 December	-165,208	-93,512
Carrying amount at 31 December	1,269	72,965
Investments in subsidiaries are specified as follows:		
Investments in subsidiaries are specified as follows:	Place of	Votes and
Investments in subsidiaries are specified as follows:  Name	Place of registered office	Votes and ownership
		ownership
Name	registered office	
Name Gunhild Kirk A/S	registered office Vejle	ownership 100%
Name Gunhild Kirk A/S Edith Kirk A/S	registered office Vejle Vejle	ownership 100% 100%

Reversal of revaluations on sold assets

Revaluations at 31 December

Carrying amount at 31 December

			2018	2017
=	Investments in associates		USDk	USDk
5	investments in associates			
	Cost at 1 January		488	488
	Cost at 31 December		488	488
	Value adjustments at 1 January		167	8
	Exchange adjustment		0	74
	Net profit/loss for the year		218	86
	Dividends received		-199	0
	Value adjustments at 31 December		186	168
	Carrying amount at 31 December		674	656
	Investments in associates are specified as follows	:		
		Place of registered		Votes and
	Name	office	Share capital	ownership
	Hafnia Management A/S	Denmark	DKK 500.000	20%
6	Other fixed asset investments			
	0 1.101 1.100 1.000 1.100		Other	Other
			investments	receivables
	Cost at 1 January		investments	receivables
			USDk	receivables USDk
	Cost at 1 January		investments USDk 16	receivables USDk 320
	Cost at 1 January Additions for the year		USDk 16 -16	receivables USDk 320 0
	Cost at 1 January Additions for the year Disposals for the year		USDk  16 -16 0	receivables USDk 320 0 -320

0

0

-98

0

### 7 Equity

The share capital consists of 500 shares of a nominal value of USD 189 (DKK 1,000). No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

## 8 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2018	2017
Credit institutions	USDk	USDk
After 5 years	0	15,500
Between 1 and 5 years	0	18,000
Long-term part	0	33,500
Within 1 year	0	6,000
	0	39,500

## 9 Contingent assets, liabilities and other financial obligations

## **Contingent liabilities**

The Danish group enterprises are jointly and severally liable for tax on the jointly taxed income of the Group and for Danish taxes at source such as dividend tax, tax on royalty payments and withholding tax. The total payable corporation tax is disclosed in the Annual Report of KIRK KAPITAL A/S, which is the management company of the joint taxation.

## 10 Related parties

## **Consolidated Financial Statements**

The Company is included in the Group Annual Report of

Name Place of registered office

KIRK KAPITAL A/S, CVR No: 31 15 98 57 Vejle, Denmark

## 11 Accounting Policies

The Annual Report of KIRK Shipping A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2018 are presented in USD, which is the functional currency of the Company. At 31 December 2018 the USD/DKK exchange rate is 651.94. The corresponding exchange rate at 31 December 2017 was 620.77.

#### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of KIRK KAPITAL A/S, CVR No: 31 15 98 57, the Company has not prepared consolidated financial statements.

## **Recognition and measurement**

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

## **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt

### 11 Accounting Policies (continued)

arose are recognised in financial income and expenses in the income statement.

## **Income Statement**

### Other external expenses

Other external expenses comprise expenses related to administration.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of other external expenses.

#### Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

## Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions as well as surcharges and allowances under the on-account taxation scheme, etc.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with the Parent Company and all Danish group enterprises. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## **Balance Sheet**

## Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-

### 11 Accounting Policies (continued)

company profits or losses.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

#### Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

#### Other fixed asset investments

Other fixed asset investments are measured at estimated fair value.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Equity**

### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

#### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

## 11 Accounting Policies (continued)

#### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.