
KIRK Shipping A/S

Damhaven 5D, DK-7100 Vejle

Annual Report for 2015

CVR No 31 85 19 98

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
21/4 2016

Søren Lindgaard
Chairman

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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of KIRK Shipping A/S for the financial year 1 January - 31 December 2015.

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 2015 of the Company and of the results of the Company operations for 2015.

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, 11 March 2016

Executive Board

Søren Vad Sørensen

Board of Directors

Bjarne Ammitzbøll
Chairman

Signe Krog Jensen

Søren Vad Sørensen

Independent Auditor's Report on the Financial Statements

To the Shareholder of KIRK Shipping A/S

Report on the Financial Statements

We have audited the Financial Statements of KIRK Shipping A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

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 as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Aarhus, 11 March 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh

State Authorised Public Accountant

Company Information

The Company

KIRK Shipping A/S
Damhaven 5D
DK-7100 Vejle

CVR No: 31 85 19 98
Financial period: 1 January - 31 December
Municipality of reg. office: Vejle

Board of Directors

Bjarne Ammitzbøll, Chairman
Signe Krog Jensen
Søren Vad Sørensen

Executive Board

Søren Vad Sørensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Management's Review

Main activity

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 2015 shows a profit of USD 10,276,166, and at 31 December 2015 the balance sheet of the Company shows equity of USD 83,393,772.

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 2015

	Note	2015 USD	2014 USDk
Gross profit/loss		-117.499	-150
Income from investments in subsidiaries		9.906.435	-1.552
Income from investments in associates		342.600	0
Financial income	1	308.394	176
Financial expenses	2	-1.904.802	-1.783
Profit/loss before tax		8.535.128	-3.309
Tax on profit/loss for the year	3	1.741.038	2.110
Net profit/loss for the year		10.276.166	-1.199

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	11.340.000	0
Reserve for net revaluation under the equity method	661.012	0
Retained earnings	-1.724.846	-1.199
	10.276.166	-1.199

Balance Sheet 31 December 2015

Assets

	Note	2015 USD	2014 USDk
Investments in subsidiaries	4	122.481.281	131.220
Investments in associates	5	1.149.455	0
Other investments	6	335.144	394
Other receivables	6	1.087.985	312
Fixed asset investments		125.053.865	131.926
Fixed assets		125.053.865	131.926
Receivables from group enterprises		4.443	129
Other receivables		3.676	0
Corporation tax		1.622.632	2.196
Receivables		1.630.751	2.325
Cash at bank and in hand		2.104.554	1.415
Current assets		3.735.305	3.740
Assets		128.789.170	135.666

Balance Sheet 31 December 2015

Liabilities and equity

	Note	2015 USD	2014 USDk
Share capital		94.609	95
Reserve for net revaluation under the equity method		661.012	0
Retained earnings		82.638.151	83.977
Equity	7	83.393.772	84.072
Credit institutions		0	34.988
Long-term debt	8	0	34.988
Credit institutions	8	45.168.280	15.106
Trade payables		2.513	1
Payables to group enterprises		2.939	472
Other payables		221.666	992
Deferred income		0	35
Short-term debt		45.395.398	16.606
Debt		45.395.398	51.594
Liabilities and equity		128.789.170	135.666
Contingent assets, liabilities and other financial obligations	9		
Related parties and ownership	10		

Notes to the Financial Statements

	2015 USD	2014 USDk
1 Financial income		
Income from fixed asset investments	25.732	10
Interest received from group enterprises	11.526	0
Other financial income	270.899	166
Exchange gains	237	0
	308.394	176
2 Financial expenses		
Interest paid to group enterprises	21.449	45
Other financial expenses	1.615.353	1.738
Exchange loss	268.000	0
	1.904.802	1.783
3 Tax on profit/loss for the year		
Current tax for the year	-1.622.632	-2.139
Adjustment of tax concerning previous years	0	29
	-1.622.632	-2.110
which breaks down as follows:		
Tax on profit/loss for the year	-1.741.038	-2.110
Tax on changes in equity	118.406	0
	-1.622.632	-2.110

Notes to the Financial Statements

	2015 USD	2014 USDk
4 Investments in subsidiaries		
Cost at 1 January 2015	166.476.836	166.477
Cost at 31 December 2015	166.476.836	166.477
Value adjustments at 1 January 2015	-35.256.990	-24.505
Net profit/loss for the year	9.906.435	-1.552
Dividend to the Parent Company	-18.645.000	-9.200
Value adjustments at 31 December 2015	-43.995.555	-35.257
Carrying amount at 31 December 2015	122.481.281	131.220

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Gunhild Kirk A/S	Vejle	100%
Edith Kirk A/S	Vejle	100%
Marie Kirk A/S	Vejle	100%
Marianne Kirk A/S	Vejle	100%
Anja Kirk A/S	Vejle	100%

Notes to the Financial Statements

	2015 USD	2014 USDk
5 Investments in associates		
Cost at 1 January 2015	0	0
Additions for the year	477.200	0
Transfers for the year	11.243	0
Cost at 31 December 2015	488.443	0
Value adjustments at 1 January 2015	0	0
Net profit/loss for the year	342.600	0
Revaluations for the year, net	318.412	0
Value adjustments at 31 December 2015	661.012	0
Carrying amount at 31 December 2015	1.149.455	0

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Hafnia Management A/S	Denmark	DKK 500.000	20%

Notes to the Financial Statements

6 Other fixed asset investments

	Other investments USD	Other receivables USD
Cost at 1 January 2015	27.019	312.253
Additions for the year	0	775.732
Transfers for the year	-11.243	0
Cost at 31 December 2015	15.776	1.087.985
Revaluations at 1 January 2015	367.083	0
Revaluations for the year	270.697	0
Reversals for the year of revaluations in previous years	-318.412	0
Revaluations at 31 December 2015	319.368	0
Carrying amount at 31 December 2015	335.144	1.087.985

7 Equity

	Share capital USD	Reserve for net revaluation under the equity method USD	Retained earnings USD	Total USD
Equity at 1 January 2015	94.609	0	83.977.548	84.072.157
Extraordinary dividend paid	0	0	-11.340.000	-11.340.000
Fair value adjustment of hedging instruments	0	0	503.855	503.855
Tax on adjustment of hedging instruments for the year	0	0	-118.406	-118.406
Net profit/loss for the year	0	661.012	9.615.154	10.276.166
Equity at 31 December 2015	94.609	661.012	82.638.151	83.393.772

The share capital consists of 500 shares of a nominal value of DKK 1.000 (USD 189.22). No shares carry any special rights.

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

Notes to the Financial Statements

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:

	2015 USD	2014 USDk
Credit institutions		
After 5 years	0	0
Between 1 and 5 years	0	34.988
Long-term part	0	34.988
Within 1 year	45.168.280	15.106
	45.168.280	50.094

9 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company is committed to providing a loan to third party which amounts to a total value of USD 3,600k.

As collateral for bank debt, USD 45,168k, the bank has been given security in the shares and rights of the subsidiaries Gunhild Kirk A/S, Edith Kirk A/S, Marianne Kirk A/S and Anja Kirk A/S with a carrying amount of USD 104,936k at 31 December 2015.

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.

Notes to the Financial Statements

10 Related parties and ownership

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

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

Consolidated Financial Statements

The Company is included in the Group Annual Report of KIRK KAPITAL A/S, Vejle, Denmark.

Accounting Policies

Basis of Preparation

Financial Statements of KIRK Shipping A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in USD, which is the functional currency of the Company. At 31 December 2015 the USD/DKK exchange rate is 683.00. The corresponding exchange rate at 31 December 2014 was 612.14.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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 transaction date rates are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Accounting Policies

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Other external expenses

Other external expenses comprise expenses related to administration.

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 the 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 is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Accounting Policies

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.

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 subsidiaries and associates.

Other fixed asset investments

Other fixed asset investments are measured at estimated fair value.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

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.

Accounting Policies

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 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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.