K/S Danskib 84

c/o ID Management ApS, Bredgade 30, 1260 Copenhagen K

Company reg. no. 32 32 09 10

Annual report

2022

The annual report was submitted and approved by the general meeting on the 11 May 2023.

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Fritz Larsen
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance USD 146.940 means the amount of USD 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the management has presented the annual report of K/S Danskib 84 for the financial year 2022.

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

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2022, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2022.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen K, 11 May 2023

Board of directors

Allan Munk Nielsen	Torben Ankjær Weis	Per Gullestrup
Axel Stove Lorentzen		

Independent auditor's report

To the Limited Partners of K/S Danskib 84

Opinion

We have audited the consolidated financial statements and the parent company financial statements of K/S Danskib 84 for the financial year 1 January to 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2022 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group´s and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or 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 Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group´s and 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 consolidated financial statements and the parent company 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 Group´s and 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 consolidated financial statements and the parent company 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 Group and the Company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent company 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 Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 11 May 2023

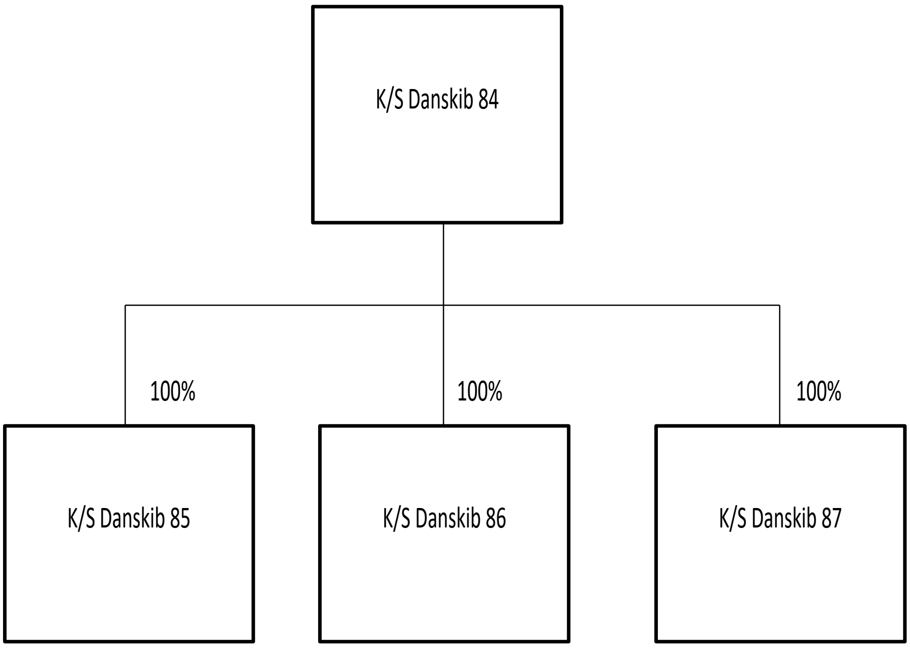
Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Rasmus Sværke
State Authorised Public Accountant
mne42871

Company information

The company	K/S Danskib 84 c/o ID Management ApS Bredgade 30 1260 Copenhagen K	
	Company reg. no.	32 32 09 10
	Established:	26 January 2011
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Allan Munk Nielsen Torben Ankjær Weis Per Gullestrup Axel Stove Lorentzen	
General partner	Skibdan LXXXIV ApS	
Auditors	Redmark Godkendt Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg	
Bankers	Hamburg Commercial Bank AG Jyske Bank A/S	
Subsidiaries	K/S Danskib 85, Copenhagen K/S Danskib 86, Copenhagen K/S Danskib 87, Copenhagen	

Group overview



Consolidated financial highlights

USD in thousands.	2022	2021
Income statement:		
Revenue	21.501	18.069
Gross profit	12.010	10.064
Profit from operating activities	4.706	20.783
Net financials	-848	-1.169
Net profit or loss for the year	3.858	19.614
Statement of financial position:		
Balance sheet total	50.039	52.434
Investments in vessels	1.553	1.280
Equity	33.270	32.412
Cash flows:		
Operating activities	10.108	5.330
Investing activities	-1.554	-1.280
Financing activities	-6.170	-2.520
Total cash flows	2.384	1.529
Key figures in %:		
Gross margin ratio	55,9	55,7
Profit margin (EBIT-margin)	21,9	115,0
Acid test ratio	255,6	115,3
Solvency ratio	66,5	61,8
Return on equity	11,7	121,0

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Gross margin ratio
$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Profit margin (EBIT margin)
$$\frac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$$

Acid test ratio
$$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$$

Consolidated financial highlights

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Management´s review

The principal activities of the group

The object of the group and K/S Danskib 84 is to operate the bulk vessels M/V Taizhou Pioneer, M/V ID Pioneer and M/V Pacific Pioneer.

The activities take place through Danish subsidiaries.

Uncertainties about recognition or measurement

Vessels fair value will not necessarily reflect the sales price at any time as prices for second-hand vessels vary in line with changes in charter rates and new building prices, etc. The management have assessed the fair value of the vessels in relation to obtained external market assessments for the same type of vessels.

A significant discretionary uncertainty is included in the estimates made of fair value regarding vessels.

Development in activities and financial matters

The revenue for the group for the year totals USD 21.501.000 against USD 18.069.000 last year. Income or loss from ordinary activities after tax totals USD 3.858.000 against USD 19.614.000 last year. Management considers the net profit or loss for the year satisfactory.

Expected developments

The management does not expect the same tail-wind from the dry bulk markets we have seen in recent years and expect a slightly lower result. Management expect a result in the range of USD 3-4 million in 2023.

Know how resources

The Group is not involved in know how ressources. The activities are administrated by an external partner.

Environmental issues

The Group is focused on a high level of quality and safety as an important element of the operation and has a strong focus on energy effecient vessels as well as optimization of fuel consumption to reduce the carbon footprint.

Research and development activities

The Group is not involved in research and development activities.

Operating risks and financial risks

Market risks

Revenues from the shipping operations are linked to global market trends, which through demand fluctuations affect freight rates as well as prices of vessels and fuel. Management continuosuly assesses the extent to which it is relevant to take measures against these market fluctuations.

Management´s review

Foreign currency risks

Most of the income from shipping activities is in USD, with a small amount of income in EUR. With most operational expenses being in USD and adminstation expenses being in USD and DKK, the group have only limited foreign exchange risk.

Interest rate risks

The interest rate risk on floating-rate loans is limited as the fleet are financed with fixed interest rate loans.

Events occurring after the end of the financial year

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

Income statement 1 January - 31 December

All amounts in USD.

		Group		Parent	
Note		2022	2021	2022	2021
	Revenue	21.500.831	18.068.617	0	0
	Vessel operating costs	-8.669.425	-7.059.182	0	0
	Other external expenses	-821.798	-945.671	-40.788	-278.030
	Gross profit	**12.009.608**	**10.063.764**	**-40.788**	**-278.030**
3	Depreciation and impairment of vessels	-7.303.566	10.719.603	0	0
	Operating profit	**4.706.042**	**20.783.367**	**-40.788**	**-278.030**
4	Income from investments in subsidiaries	0	0	3.899.734	19.892.411
5	Other financial income	45.989	1.884	0	300
6	Other financial expenses	-893.920	-1.171.028	-835	-458
7	**Net profit or loss for the year**	**3.858.111**	**19.614.223**	**3.858.111**	**19.614.223**

Balance sheet at 31 December

All amounts in USD.

Note	Assets	Group 2022	Group 2021	Parent 2022	Parent 2021
	Non-current assets				
8	Vessels	42.750.000	48.500.000	0	0
	Total property, plant, and equipment	42.750.000	48.500.000	0	0
9	Investments in group enterprises	0	0	32.998.101	32.098.367
	Total investments	0	0	32.998.101	32.098.367
	Total non-current assets	**42.750.000**	**48.500.000**	**32.998.101**	**32.098.367**
	Current assets				
	Trade receivables	0	71.700	0	0
	Receivables from subsidiaries	0	0	367.205	300.000
	Other receivables	923.774	279.523	3.748	3.748
10	Prepayments	1.167.684	769.348	0	0
	Total receivables	2.091.458	1.120.571	370.953	303.748
	Cash and cash equivalents	5.197.893	2.813.666	78.846	13.387
	Total current assets	**7.289.351**	**3.934.237**	**449.799**	**317.135**
	Total assets	**50.039.351**	**52.434.237**	**33.447.900**	**32.415.502**

Balance sheet at 31 December

All amounts in USD.

Equity and liabilities

Note		Group 2022	Group 2021	Parent 2022	Parent 2021
	Equity				
11	Contributed capital	29.400.000	32.400.000	29.400.000	32.400.000
	Reserves for net revaluation as per the equity method	0	0	1.222.310	322.576
	Retained earnings	3.869.803	11.692	2.647.493	-310.884
	Total equity	**33.269.803**	**32.411.692**	**33.269.803**	**32.411.692**
	Long term labilities other than provisions				
	Bank loans	13.900.000	16.590.015	0	0
	Other payables	17.928	19.051	0	0
12	Total long term liabilities other than provisions	13.917.928	16.609.066	0	0

Balance sheet at 31 December

All amounts in USD.

Equity and liabilities

		Group		Parent	
Note		2022	2021	2022	2021
12	Current portion of long term liabilities	2.000.000	2.479.996	0	0
	Trade payables	705.076	775.952	5.163	3.810
	Payables to group enterprises	0	0	172.934	0
	Other payables	146.544	157.531	0	0
	Total short term liabilities other than provisions	2.851.620	3.413.479	178.097	3.810
	Total liabilities other than provisions	**16.769.548**	**20.022.545**	**178.097**	**3.810**
	Total equity and liabilities	**50.039.351**	**52.434.237**	**33.447.900**	**32.415.502**

1 Uncertainties concerning recognition and measurement

13 Charges and security

14 Contingencies

Consolidated statement of changes in equity

All amounts in USD.

	Contributed capital	Retained earnings	Total
Equity 1 January 2022	32.400.000	11.692	32.411.692
Profit or loss for the year brought forward	0	3.858.111	3.858.111
Repaid contributed capital	-3.000.000	0	-3.000.000
	29.400.000	**3.869.803**	**33.269.803**

Statement of changes in equity of the parent

All amounts in USD.

	Contributed capital	Reserve for net revaluation according to the equity method	Retained earnings	Total
Equity 1 January 2022	32.400.000	322.576	-310.884	32.411.692
Share of results	0	899.734	2.958.377	3.858.111
Repaid contributed capital	-3.000.000	0	0	-3.000.000
	29.400.000	**1.222.310**	**2.647.493**	**33.269.803**

Statement of cash flows 1 January - 31 December

All amounts in USD.

Note		Group 2022	2021
	Net profit or loss for the year	3.858.111	19.614.223
15	Adjustments	8.151.497	-9.550.459
16	Change in working capital	-1.053.872	-3.565.002
	Cash flows from operating activities before net financials	10.955.736	6.498.762
	Interest received, etc.	45.990	1.884
	Interest paid, etc.	-893.920	-1.171.028
	Cash flows from ordinary activities	10.107.806	5.329.618
	Cash flows from operating activities	**10.107.806**	**5.329.618**
	Purchase of tangible fixed assets	-1.553.567	-1.280.397
	Cash flows from investment activities	**-1.553.567**	**-1.280.397**
	Repayments of long-term payables	-3.170.011	-2.519.996
	Repaid capital	-3.000.000	0
	Cash flows from investment activities	**-6.170.011**	**-2.519.996**
	Change in cash and cash equivalents	**2.384.228**	**1.529.225**
	Cash and cash equivalents at 1 January 2022	2.813.665	1.284.440
	Cash and cash equivalents at 31 December 2022	**5.197.893**	**2.813.665**

	Cash and cash equivalents		
	Cash and cash equivalents	5.197.893	2.813.665
	Cash and cash equivalents at 31 December 2022	**5.197.893**	**2.813.665**

Notes

All amounts in USD.

1. Uncertainties concerning recognition and measurement

Vessels fair value will not necessarily reflect the sales price at any time as prices for second-hand vessels vary in line with changes in charter rates and new building prices, etc. The management have assessed the fair value of the vessels in relation to obtained external market assessments for the same type of vessels.

A significant discretionary uncertainty is included in the estimates made of fair value regarding vessels.

	Group		Parent	
	2022	2021	2022	2021
2. Staff costs				
Salaries and wages	0	0	0	0
	0	**0**	**0**	**0**
Average number of employees	0	0	0	0

The company has no employees and is adminstrated by an external administrator.

	Group 2022	Group 2021	Parent 2022	Parent 2021
3. Depreciation and impairment of vessels				
Depreciation of vessels	2.545.504	1.713.235	0	0
Value adjustments of vessels and reversing of previous years recognized impairment losses	4.758.062	-12.432.838	0	0
	7.303.566	**-10.719.603**	**0**	**0**
4. Income from investments in subsidiaries				
Income from subsidiaries, K/S 85, 86, 87	0	0	3.899.734	19.892.411
	0	**0**	**3.899.734**	**19.892.411**

Notes

All amounts in USD.

		Group		Parent	
		2022	2021	2022	2021
5.	**Other financial income**				
	Interest, banks	45.989	1.884	0	300
		45.989	**1.884**	**0**	**300**
6.	**Other financial expenses**				
	Other financial costs	893.920	1.171.028	835	458
		893.920	**1.171.028**	**835**	**458**

		Parent	
		2022	2021
7.	**Proposed distribution of net profit**		
	Reserves for net revaluation according to the equity method	899.734	322.576
	Transferred to retained earnings	2.958.377	19.291.647
	Total allocations and transfers	**3.858.111**	**19.614.223**

Notes

All amounts in USD.

	Group	
	31/12 2022	31/12 2021
8. Vessels		
Cost 1 January 2022	62.969.365	61.688.968
Additions during the year	1.553.567	1.280.397
Cost 31 December 2022	**64.522.932**	**62.969.365**
Revaluation 1 January 2022	-1.119.710	-13.552.548
Revaluations for the year	-4.758.062	12.432.838
Revaluation 31 December 2022	**-5.877.772**	**-1.119.710**
Depreciation and write-down 1 January 2022	-13.349.655	-11.636.420
Depreciation for the year	-2.545.505	-1.713.235
Depreciation and write-down 31 December 2022	**-15.895.160**	**-13.349.655**
Carrying amount, 31 December 2022	**42.750.000**	**48.500.000**

The vessel is first recognized at cost, which includes the ship and any directly attributable costs. The vessel is measured at estimated fair value which is determined bases on LTAV model (Long Term Assets Value) and obtained external market assessments for the same type of vessel. The valuation is based on the vessels future cash flows which are discounted at a fixed discount rate, which is adjusted for the individual vessel risk.

Notes

All amounts in USD.

		Parent 31/12 2022	Parent 31/12 2021
9.	**Investments in group enterprises**		
	Cost 1 January 2022	31.775.791	31.775.791
	Cost 31 December 2022	**31.775.791**	**31.775.791**
	Revaluations, opening balance 1 January 2022	322.576	-18.069.835
	Results for the year before goodwill amortisation	3.899.734	19.892.411
	Dividend	-3.000.000	-1.500.000
	Revaluation 31 December 2022	**1.222.310**	**322.576**
	Carrying amount, 31 December 2022	**32.998.101**	**32.098.367**

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity USD	Results for the year USD
K/S Danskib 85, Copenhagen	100 %	11.032.927	1.543.923
K/S Danskib 86, Copenhagen	100 %	13.739.154	3.907.946
K/S Danskib 87, Copenhagen	100 %	8.226.020	-1.552.135
		32.998.101	**3.899.734**

		Group 31/12 2022	Group 31/12 2021
10.	**Prepayments**		
	Prepaid insurance etc.	1.167.684	769.348
		1.167.684	**769.348**

Notes

All amounts in USD.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
11. Contributed capital				
Contributed capital 1 January 2022	41.000.000	41.000.000	41.000.000	41.000.000
Unpaid contributed capital	-11.600.000	-8.600.000	-11.600.000	-8.600.000
	29.400.000	**32.400.000**	**29.400.000**	**32.400.000**

The contributed capital consists of:
200 shares of a nominal value of USD 145,000, USD 29,000,000
100 shares af a nominal value of USD 120,000, USD 12,000,000
Total USD 41,000,000

12. Long term labilities other than provisions

	Total payables 31 Dec 2022	Current portion of long term payables	Long term payables 31 Dec 2022	Outstanding payables after 5 years
Group				
Bank loans	15.900.000	2.000.000	13.900.000	0
Other payables	17.928	0	17.928	0
	15.917.928	**2.000.000**	**13.917.928**	**0**

13. Charges and security

Group

As secuity regarding financial loans in the group following securities has been provided:

- The Limited Partnership has provided security in the form of 1. priority mortgage in M/V Taizhou Pioneer, M/V ID Pioneer and M/V Pacific Pioneer, which is presented as tangible fixed assets with a total value of USD 42,750,000.

- Security in income payments regarding the vessels.

- Cash and cash equivalents of USD 5,197,893 is pledged.

Notes

All amounts in USD.

13. Charges and security (continued)

14. Contingencies

Contingent liabilities

As security regarding financial loans in subsidiaries following securities has been provided:

Parent company

- The Limited Partnership has a total liability of USD 7,393,900 regarding subsidiaries.

	Group 2022	2021
15. Adjustments		
Depreciation, amortisation, and impairment	7.303.567	-10.719.603
Other financial income	-45.990	-1.884
Other financial expenses	893.920	1.171.028
	8.151.497	**-9.550.459**

Notes

All amounts in USD.

		Group 2022	2021
16.	**Change in working capital**		
	Change in receivables	-970.887	213.011
	Change in trade payables and other payables	-82.985	-3.778.013
		-1.053.872	**-3.565.002**

Accounting policies

The annual report for K/S Danskib 84 has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from the previous year, and the annual report is presented in American dollars (USD).

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

USD is used as presentation currency. All other currencies are considered as foreign currency. The rate between DKK and USD amounted to 6.9722 at 31 Decemer 2022 (2021: 6.5612).

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

The consolidated financial statements

The consolidated income statements comprise the parent company K/S Danskib 84 and those group enterprises of which K/S Danskib 84 directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

Accounting policies

Income statement

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Vessel operating costs

Vessel operating costs comprises costs regarding purchase of raw materials and consumables less discounts consumed to achieved revenue for the year.

Other external costs

Other external costs comprise administration etc.

Depreciation and impairment of vessels

Depreciation and writedown for impairment comprise depreciation and writedown of vessels.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, debt and transactions in foreign currency and amortisation of financial assets and liabilities.

Results from equity investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Due to the fact that K/S Danskib 84 is not an independent tax object, the annual report does not include tax of the operating profit.

Balance sheet

Vessels

The vessel is first recognized at cost less accumulated depreciations. Depreciations are calculated linearly on the basis of costs less the expected residual value over the ship expected useful life of 25 years.

The vessel is measurred to fair value at the balance sheet date. Any revaluation to fair value is made in accordance with section 41 of the Danish Financial Statements Act.

Reversal of previous years positive revaluations are recognised directly in company equity.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates. The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Significant accounting estimates and evaluations for assets to market value

The vessel is first recognized at cost, which includes the ship and any directly attributable costs. The vessel is measured at estimated fair value which is determined bases on LTAV model (Long Term Assets Value) and obtained external market assessments for the same type of vessel. The valuation is based on the vessels future cash flows which are discounted at a fixed discount rate, which is adjusted for the individual vessel risk.

Leases

All leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Accounting policies

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.