
Gunhild Kirk A/S

Havneøen 1, DK-7100 Vejle

Annual Report for 1 January - 31 December 2018

CVR No 33 05 83 14

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

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December 2018	7
Balance Sheet 31 December 2018	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Gunhild Kirk 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 Gunhild Kirk 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 Gunhild Kirk 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.

Independent Auditor's Report

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.

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.

Independent Auditor's Report

- 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.

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

Gunhild Kirk A/S
Havneøen 1
DK-7100 Vejle

CVR No: 33 05 83 14
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 acquire, operate and sell vessels, and related activities.

Development in the year

The income statement of the Company for 2018 shows a profit of USD 1,168,763, and at 31 December 2018 the balance sheet of the Company shows equity of USD 130,726.

The company has during 2018 sold its vessel and thereby ceased its shipping activities.

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 USD	2017 USDk
Gross profit/loss		1,262,342	1,793
Depreciation and impairment of property, plant and equipment		0	-7,557
Profit/loss before financial income and expenses		1,262,342	-5,764
Financial income	1	12,904	6
Financial expenses	2	-738	-6
Profit/loss before tax		1,274,508	-5,764
Tax on profit/loss for the year	3	-105,745	12
Net profit/loss for the year		1,168,763	-5,752

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid		19,205,000	2,051
Retained earnings		-18,036,237	-7,803
		1,168,763	-5,752

Balance Sheet 31 December 2018

Assets

	Note	2018 USD	2017 USDk
Vessels		0	16,262
Property, plant and equipment	4	0	16,262
Other investments		295,008	800
Fixed asset investments		295,008	800
Fixed assets		295,008	17,062
Trade receivables		0	540
Receivables from group enterprises		2,531	1
Other receivables		414	41
Corporation tax		0	12
Prepayments		0	52
Receivables		2,945	646
Cash at bank and in hand		11,392	537
Currents assets		14,337	1,183
Assets		309,345	18,245

Balance Sheet 31 December 2018

Liabilities and equity

	Note	2018 USD	2017 USDk
Share capital		82,424	82
Retained earnings		48,302	18,084
Equity	5	130,726	18,166
Other provisions		10,000	0
Provisions		10,000	0
Trade payables		16,031	19
Corporation tax		105,745	0
Other payables		3,479	60
Deferred income		43,364	0
Short-term debt		168,619	79
Debt		168,619	79
Liabilities and equity		309,345	18,245
Contingent assets, liabilities and other financial obligations	6		
Related parties	7		
Accounting Policies	8		

Statement of Changes in Equity

	<u>Share capital</u> USD	<u>Retained earnings</u> USD	<u>Total</u> USD
Equity at 1 January	82,424	18,084,539	18,166,963
Extraordinary dividend paid	0	-19,205,000	-19,205,000
Net profit/loss for the year	0	1,168,763	1,168,763
Equity at 31 December	<u>82,424</u>	<u>48,302</u>	<u>130,726</u>

Notes to the Financial Statements

	2018 <u>USD</u>	2017 <u>USDk</u>
1 Financial income		
Interest received from group enterprises	7,546	2
Other financial income	5,295	4
Exchange gains	63	0
	<u>12,904</u>	<u>6</u>
2 Financial expenses		
Exchange loss	738	6
	<u>738</u>	<u>6</u>
3 Tax on profit/loss for the year		
Current tax for the year	105,745	-12
	<u>105,745</u>	<u>-12</u>
4 Property, plant and equipment		<u>Vessels</u> USD
Cost at 1 January		34,454,523
Disposals for the year		<u>-34,454,523</u>
Cost at 31 December		<u>0</u>
Impairment losses and depreciation at 1 January		18,193,538
Reversal of impairment and depreciation of sold assets		<u>-18,193,538</u>
Impairment losses and depreciation at 31 December		<u>0</u>
Carrying amount at 31 December		<u>0</u>

Notes to the Financial Statements

5 Equity

The share capital consists of 500 shares of a nominal value of USD 165(DKK 1,000). No shares carry any special rights.

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

6 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.

7 Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report of

<u>Name</u>	<u>Place of registered office</u>
KIRK KAPITAL A/S, CVR No: 31 15 98 57	Vejle, Denmark

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Gunhild Kirk 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.

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.

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

Notes to the Financial Statements

8 Accounting Policies (continued)

Income Statement

Revenue

Revenue comprises freight and demurrage revenue from the vessel. Revenue is recognised in the income statement as services are delivered. Uncompleted voyages are recognised with the share related to the financial year.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

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 revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

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 on-account taxation scheme, etc.

Notes to the Financial Statements

8 Accounting Policies (continued)

Tax on profit/loss for the year

Income tax consists of tax calculated according to the regulations of the Danish Tonnage Tax Act for shipping activities and according to general tax regulations for other activities, as well as adjustments related to deferred tax.

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

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Vessels	20 years
---------	----------

The asset has been sold during the financial year.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the

Notes to the Financial Statements

8 Accounting Policies (continued)

smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Other fixed asset investments

Other fixed asset investments consist of deposits paid.

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.

Prepayments

Prepayments comprise prepaid expenses concerning the following year.

Equity

Dividend

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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

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.