
Gunhild Kirk A/S

Damhaven 5D, DK-7100 Vejle

Annual Report for 1 January - 31 December 2015

CVR No 33 05 83 14

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

Søren Lindgaard
Chairman

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report on the Financial Statements	2
Management's Review	
Company Information	4
Management's Review	5
Financial Statements	
Income Statement 1 January - 31 December 2015	6
Balance Sheet 31 December 2015	7
Notes to the Financial Statements	9
Accounting Policies	12

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 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

Direktion

Søren Vad Sørensen

Bestyrelse

Bjarne Ammitzbøll
Chairman

Signe Krog Jensen

Søren Vad Sørensen

Independent Auditor's Report on the Financial Statements

To the Shareholder of Gunhild Kirk A/S

Report on the Financial Statements

We have audited the Financial Statements of Gunhild Kirk 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

Gunhild Kirk A/S
Damhaven 5D
DK-7100 Vejle

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

Development in the year

The income statement of the Company for 2015 shows a profit of USD 2,398,992, and at 31 December 2015 the balance sheet of the Company shows equity of USD 27,860,907.

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		4.394.751	1.376
Depreciation and impairment of property, plant and equipment		-1.972.795	-1.681
Profit/loss before financial income and expenses		2.421.956	-305
Financial income	1	8.324	0
Financial expenses	2	-8	0
Profit/loss before tax		2.430.272	-305
Tax on profit/loss for the year	3	-31.280	-58
Net profit/loss for the year		2.398.992	-363

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid		4.135.000	0
Retained earnings		-1.736.008	-363
		2.398.992	-363

Balance Sheet 31 December 2015

Assets

	Note	2015 USD	2014 USDk
Vessels		25.790.869	27.763
Property, plant and equipment	4	25.790.869	27.763
Other investments		800.000	1.000
Fixed asset investments		800.000	1.000
Fixed assets		26.590.869	28.763
Trade receivables		605.583	318
Receivables from group enterprises		1.203	0
Other receivables		48.537	293
Prepayments		76.783	110
Receivables		732.106	721
Cash at bank and in hand		575.864	439
Current assets		1.307.970	1.160
Assets		27.898.839	29.923

Balance Sheet 31 December 2015

Liabilities and equity

	Note	2015 USD	2014 USDk
Share capital		82.424	82
Retained earnings		27.778.483	29.514
Equity	5	27.860.907	29.596
Trade payables		851	102
Payables to group enterprises		0	58
Corporation tax		30.512	24
Other payables		6.569	143
Short-term debt		37.932	327
Debt		37.932	327
Liabilities and equity		27.898.839	29.923
Contingent assets, liabilities and other financial obligations	6		
Related parties and ownership	7		

Notes to the Financial Statements

	<u>2015</u>	<u>2014</u>
	USD	USDk
1 Financial income		
Interest received from group enterprises	4.687	0
Other financial income	12	0
Exchange gains	3.625	0
	<u>8.324</u>	<u>0</u>
2 Financial expenses		
Exchange loss	8	0
	<u>8</u>	<u>0</u>
3 Tax on profit/loss for the year		
Current tax for the year	30.512	24
Adjustment of tax concerning previous years	768	-351
Adjustment of deferred tax concerning previous years	0	385
	<u>31.280</u>	<u>58</u>

Notes to the Financial Statements

4 Property, plant and equipment

	<u>Vessels</u> USD
Cost at 1 January 2015	<u>34.454.523</u>
Cost at 31 December 2015	<u>34.454.523</u>
Impairment losses and depreciation at 1 January 2015	6.690.859
Depreciation for the year	<u>1.972.795</u>
Impairment losses and depreciation at 31 December 2015	<u>8.663.654</u>
Carrying amount at 31 December 2015	<u>25.790.869</u>

5 Equity

	<u>Share capital</u> USD	<u>Retained earnings</u> USD	<u>Total</u> USD
Equity at 1 January 2015	82.424	29.514.491	29.596.915
Extraordinary dividend paid	0	-4.135.000	-4.135.000
Net profit/loss for the year	0	2.398.992	2.398.992
Equity at 31 December 2015	<u>82.424</u>	<u>27.778.483</u>	<u>27.860.907</u>

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

Collateral for the Parent Company KIRK Shipping A/S's financial loans of USD 45,168k has been given in the vessel of a carrying amount of USD 25,791k 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

7 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 Shipping A/S, Vejle, CVR No 31 85 19 98

Consolidated Financial Statements

The Company is included in the Group Annual Report of KIRK KAPITAL A/S, CVR No: 31 15 98 57, and municipality of reg. office: Vejle.

Accounting Policies

Basis of Preparation

Financial Statements of Gunhild Kirk 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. The corresponding exchange rate at 31 December 2014 was 612.14.

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. 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.

Accounting Policies

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.

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.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment 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.

Tax on profit/loss for the year

Income tax consists of tax calculated according to 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 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.

Accounting Policies

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).

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
Residual value	2,370,000 USD

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

Prepayments

Prepayments comprise prepaid expenses concerning the following year.

Accounting Policies

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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 within the same legal tax entity.

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

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

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