
Anja Kirk A/S

Damhaven 5D, DK-7100 Vejle

Annual Report for 1 January - 31 December 2017

CVR No 33 74 84 26

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
25/4 2018

Søren Lindgaard
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Anja Kirk A/S for the financial year 1 January - 31 December 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

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, 25 April 2018

Executive Board

Søren Vad Sørensen

Board of Directors

Martin Deppe Mørup
Chairman

Signe Krog Jensen

Søren Vad Sørensen

Independent Auditor's Report

To the Shareholder of Anja 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Anja Kirk A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned

Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 25 April 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh

State Authorised Public Accountant

mne26783

Company Information

The Company

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

CVR No: 33 74 84 26
Financial period: 1 January - 31 December
Municipality of reg. office: Vejle

Board of Directors

Martin Deppe Mørup, 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

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 2017 shows a loss of USD 5,386,687, and at 31 December 2017 the balance sheet of the Company shows equity of USD 19,755,068.

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 2017

	Note	2017 USD	2016 USDk
Gross profit/loss		1,951,024	2,125
Depreciation and impairment of property, plant and equipment		-7,345,503	-1,998
Profit/loss before financial income and expenses		-5,394,479	127
Financial income	1	5,783	5
Financial expenses		-5,925	0
Profit/loss before tax		-5,394,621	132
Tax on profit/loss for the year	2	7,934	-45
Net profit/loss for the year		-5,386,687	87

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid		2,119,000	2,300
Retained earnings		-7,505,687	-2,213
		-5,386,687	87

Balance Sheet 31 December 2017

Assets

	Note	2017 USD	2016 USDk
Vessels		17,997,860	25,343
Property, plant and equipment	3	17,997,860	25,343
Other investments		800,000	800
Fixed asset investments		800,000	800
Fixed assets		18,797,860	26,143
Trade receivables		519,081	462
Receivables from group enterprises		374	18
Other receivables		41,891	0
Corporation tax		7,934	0
Prepayments		101,493	123
Receivables		670,773	603
Cash at bank and in hand		307,840	565
Currents assets		978,613	1,168
Assets		19,776,473	27,311

Balance Sheet 31 December 2017

Liabilities and equity

	<u>Note</u>	<u>2017</u> USD	<u>2016</u> USDk
Share capital		94,473	94
Retained earnings		<u>19,660,595</u>	<u>27,166</u>
Equity	4	<u>19,755,068</u>	<u>27,260</u>
Trade payables		15,493	2
Corporation tax		0	45
Other payables		<u>5,912</u>	<u>4</u>
Short-term debt		<u>21,405</u>	<u>51</u>
Debt		<u>21,405</u>	<u>51</u>
Liabilities and equity		<u>19,776,473</u>	<u>27,311</u>
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Statement of Changes in Equity

	<u>Share capital</u> USD	<u>Retained earnings</u> USD	<u>Total</u> USD
Equity at 1 January	94,473	27,166,282	27,260,755
Extraordinary dividend paid	0	-2,119,000	-2,119,000
Net profit/loss for the year	<u>0</u>	<u>-5,386,687</u>	<u>-5,386,687</u>
Equity at 31 December	<u>94,473</u>	<u>19,660,595</u>	<u>19,755,068</u>

Notes to the Financial Statements

	2017 <u>USD</u>	2016 <u>USDk</u>
1 Financial income		
Interest received from group enterprises	1,571	3
Other financial income	4,210	1
Exchange gains	<u>2</u>	<u>1</u>
	<u>5,783</u>	<u>5</u>
2 Tax on profit/loss for the year		
Current tax for the year	<u>-7,934</u>	<u>45</u>
	<u>-7,934</u>	<u>45</u>
3 Property, plant and equipment		<u>Vessels</u> <u>USD</u>
Cost at 1 January		<u>35,893,934</u>
Cost at 31 December		<u>35,893,934</u>
Impairment losses and depreciation at 1 January		10,550,571
Impairment losses for the year		5,374,051
Depreciation for the year		<u>1,971,452</u>
Impairment losses and depreciation at 31 December		<u>17,896,074</u>
Carrying amount at 31 December		<u>17,997,860</u>

4 Equity

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

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

Notes to the Financial Statements

5 Contingent assets, liabilities and other financial obligations

Contingent liabilities

For the Parent Company KIRK Shipping A/S's financial loans of USD 39,500k Anja Kirk A/S has been included as guarantor in the loan agreement. Further, collateral for the financial loans has been given in the company's vessel and cash deposits whose carrying amounts at 31 December 2017 amounts to USD 17,998k and USD 308k, respectively.

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.

6 Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report of

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

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Anja Kirk A/S for 2017 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 2017 are presented in USD. Which is the functional currency of the Company. At 31 December 2017 the USD/DKK exchange rate is 620.77. The corresponding exchange rate at 31 December 2016 was 705.28.

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

7 Accounting Policies (continued)

Income Statement

Revenue

Revenue comprises freight and demurrage revenue from 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, revenue has not been disclosed in the Annual Report.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, 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 the on-account taxation scheme, etc.

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

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
Residual value	2,350,000 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. 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 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.

Notes to the Financial Statements

7 Accounting Policies (continued)

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.

Current tax receivables and liabilities

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

Financial debts

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

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