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# ***Weco Bulk A/S***

Rungsted strandvej 113, DK-2960 Rungsted Kyst

## **Annual Report for 1. januar - 31. december 2017**

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CVR No 35 23 39 54

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
6 /6 2018

Rasmus Lund-Jacobsen  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Weco Bulk 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.

Hørsholm, 6 June 2018

## Executive Board

Jakob Vissing

## Board of Directors

Johan Wedell-Wedellsborg

Jakob Vissing

Johnny Schmølker

Lars Kalstad Vedfelt

Oluf Myhrmann

Rasmus Lund-Jacobsen

# Independent Auditor's Report

To the Shareholders of Weco Bulk 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 Weco Bulk 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 Financial 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.

# Independent Auditor's Report

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.

Hellerup, 6 June 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Flemming Eghoff  
State Authorised Public Accountant  
mne30221

Mark Philip Beer  
State Authorised Public Accountant  
mne29472

## **Company Information**

### **The Company**

Weco Bulk A/S  
Rungsted strandvej 113  
DK-2960 Rungsted Kyst  
Website: [www.wecobulk.com](http://www.wecobulk.com)

CVR No: 35 23 39 54  
Financial period: 1 January - 31 December  
Municipality of reg. office: Hørsholm

### **Board of Directors**

Johan Wedell-Wedellsborg  
Jakob Vissing  
Johnny Schmølker  
Lars Kalstad Vedfelt  
Oluf Myhrmann  
Rasmus Lund-Jacobsen

### **Executive Board**

Jakob Vissing

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2017 TUSD	2016 TUSD	2015 TUSD	2014 TUSD	2013 TUSD
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	3.909	2.246	1.646	1.435	-210
Operating profit/loss	2.063	1.278	933	820	-533
Profit/loss before financial income and expenses	2.383	1.278	933	820	-533
Net financials	20	5	-14	-16	-17
Net profit/loss for the year	2.023	1.002	616	804	-550
<b>Balance sheet</b>					
Balance sheet total	11.470	7.778	5.926	3.181	3.831
Equity	3.894	2.872	1.870	1.254	450
Number of employees	11	7	6	4	2
<b>Ratios</b>					
Return on assets	20,8%	16,4%	15,7%	25,8%	-13,9%
Solvency ratio	33,9%	36,9%	31,6%	39,4%	11,7%
Return on equity	59,8%	42,3%	39,4%	94,4%	-244,4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



## **Management's Review**

Financial Statements of Weco Bulk A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

### **Key activities**

The Company's main activity is to carry on chartering and shipping business with bulk carriers.

### **Development in the year**

The income statement of the Company for 2017 shows a profit of USD 2,022,565, and at 31 December 2017 the balance sheet of the Company shows equity of USD 3,894,437.

### **Special risks - 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 eg tonnage and fuel. Management continuously assess the extent to which it is relevant to take measures against these market fluctuations.

#### ***Foreign exchange 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 administrative expenses being in USD and DKK, the company have only limited foreign exchange risk.

### **Targets and expectations for the year ahead**

Management expects to continue the profitable growth of its activities, while continuously managing exposure to market risks.

### **External environment**

The Company is focused on a high level of quality, safety and environmental protection as an important element of the operation.

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## **Management's Review**

### **Unusual events**

The financial position at 31 December 2017 of the Company and the results of the activities of the Company for the financial year for 2017 have not been affected by any unusual events.

### **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

	Note	2017 USD	2016 USD
<b>Gross profit/loss</b>		<b>3.909.384</b>	<b>2.246.263</b>
Staff expenses	1	-1.517.559	-962.834
Depreciation, amortisation and impairment of property, plant and equipment	2	-8.764	-5.112
<b>Profit/loss before financial income and expenses</b>		<b>2.383.061</b>	<b>1.278.317</b>
Financial income	3	41.872	22.287
Financial expenses	4	-22.027	-17.437
<b>Profit/loss before tax</b>		<b>2.402.906</b>	<b>1.283.167</b>
Tax on profit/loss for the year	5	-380.341	-281.359
<b>Net profit/loss for the year</b>		<b>2.022.565</b>	<b>1.001.808</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	0	1.000.000
Retained earnings	2.022.565	1.808
	<b>2.022.565</b>	<b>1.001.808</b>

# Balance Sheet 31 December

## Assets

	Note	2017 USD	2016 USD
Other fixtures and fittings, tools and equipment		12.414	21.178
<b>Property, plant and equipment</b>	6	<b>12.414</b>	<b>21.178</b>
<b>Fixed assets</b>		<b>12.414</b>	<b>21.178</b>
<b>Inventories</b>		<b>1.470.701</b>	<b>1.301.344</b>
Trade receivables		4.266.495	1.045.666
Receivables from group enterprises		0	7.646
Other receivables		294.991	910.830
Prepayments		2.853.257	727.870
<b>Receivables</b>		<b>7.414.743</b>	<b>2.692.012</b>
<b>Cash at bank and in hand</b>		<b>2.572.588</b>	<b>3.763.781</b>
<b>Currents assets</b>		<b>11.458.032</b>	<b>7.757.137</b>
<b>Assets</b>		<b>11.470.446</b>	<b>7.778.315</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2017 USD	2016 USD
Share capital		351.722	351.722
Retained earnings		3.542.715	1.520.150
Proposed dividend for the year		0	1.000.000
<b>Equity</b>	<b>7</b>	<b><u>3.894.437</u></b>	<b><u>2.871.872</u></b>
Trade payables		2.636.215	3.286.865
Payables to group enterprises		614.354	1.139.140
Other payables		359.020	202.407
Deferred income		3.966.420	278.031
<b>Short-term debt</b>		<b><u>7.576.009</u></b>	<b><u>4.906.443</u></b>
<b>Debt</b>		<b><u>7.576.009</u></b>	<b><u>4.906.443</u></b>
<b>Liabilities and equity</b>		<b><u>11.470.446</u></b>	<b><u>7.778.315</u></b>
Main activity			
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## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	USD	USD	USD	USD
Equity at 1 January	351.722	1.520.150	1.000.000	2.871.872
Ordinary dividend paid	0	0	-1.000.000	-1.000.000
Net profit/loss for the year	0	2.022.565	0	2.022.565
<b>Equity at 31 December</b>	<b>351.722</b>	<b>3.542.715</b>	<b>0</b>	<b>3.894.437</b>

# Notes to the Financial Statements

	<u>2017</u>	<u>2016</u>
	USD	USD
<b>1 Staff expenses</b>		
Wages and salaries	1.441.002	917.990
Pensions	66.363	38.580
Other social security expenses	10.194	6.264
	<u><b>1.517.559</b></u>	<u><b>962.834</b></u>
<b>Average number of employees</b>	<u><b>11</b></u>	<u><b>7</b></u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
<b>2 Depreciation, amortisation and impairment of property, plant and equipment</b>		
Depreciation of property, plant and equipment	8.764	5.112
	<u><b>8.764</b></u>	<u><b>5.112</b></u>
<b>3 Financial income</b>		
Interest received from group enterprises	4.993	743
Other financial income	36.879	142
Exchange gains	0	21.402
	<u><b>41.872</b></u>	<u><b>22.287</b></u>

## Notes to the Financial Statements

	2017 <u>USD</u>	2016 <u>USD</u>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	0	4.929
Other financial expenses	15.444	12.508
Exchange loss	<u>6.583</u>	<u>0</u>
	<b><u>22.027</u></b>	<b><u>17.437</u></b>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	380.341	281.355
Adjustment of tax concerning previous years	<u>0</u>	<u>4</u>
	<b><u>380.341</u></b>	<b><u>281.359</u></b>
<b>6 Property, plant and equipment</b>		Other fixtures and fittings, tools and equipment <u>USD</u>
Cost at 1 January		<u>26.290</u>
Cost at 31 December		<u>26.290</u>
Impairment losses and depreciation at 1 January		5.112
Depreciation for the year		<u>8.764</u>
Impairment losses and depreciation at 31 December		<u>13.876</u>
<b>Carrying amount at 31 December</b>		<b><u>12.414</u></b>



## Notes to the Financial Statements

### 7 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> USD
A-shares	1.000.000	175.861
B-shares	1.000.000	175.861
		<u><b>351.722</b></u>

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

### 8 Contingent assets, liabilities and other financial obligations

#### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

	<u>2017</u> USD	<u>2016</u> USD
Within 1 year	4.697.325	4.602.822
Between 1 and 5 years	58.400	0
	<u><b>4.755.725</b></u>	<u><b>4.602.822</b></u>

#### Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

# Notes to the Financial Statements

## 9 Related parties

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Weco A/S	Hørsholm
Weco Shipping A/S	Hørsholm

# Notes to the Financial Statements

## 10 Accounting Policies

The Annual Report of Weco Bulk A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2017 are presented in USD with exchange rate as at 31. december 2017 - USD 620,77 (31. december 2016 - USD 705,28).

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Weco Shipping A/S, the Company has not prepared a cash flow statement.

### Recognition and measurement

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 the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when 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

## 10 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue includes vessels freight income and time charter income. Revenue is recognised in the income statement for the financial year as earned.

#### Vessel operating costs

Vessel operating costs comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Gross profit/loss

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

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of i 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.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

#### Tax on profit/loss for the year

The Company is comprised by the tonnage tax regime. No provision is made for deferred tax since no deferred tax is expected to arise under the tonnage tax regime.

The Company is jointly taxed with Weco Group A/S.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### 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:

Other fixtures and fittings, tools and equipment      3      years

Depreciation period and residual value are reassessed annually.

#### 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, the asset is written down to its lower recoverable amount.

#### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

#### 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 timechater, insurance premiums, etc.

#### Equity

##### *Dividend*

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

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### 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 as well as open voyages.

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$