
Baltic Holding Hundested ApS

Ved Isefjorden 24, DK-3390 Hundested

Annual Report for 1 January - 31 December 2018

CVR No 36 08 58 51

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
8 /4 2019

Karina Uldahl Kiel
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Baltic Holding Hundested ApS 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.

Hundested, 8 April 2019

Executive Board

Peter Ronnie Hulstrøm

Mikkel Schmidt

Thomas Holst Olsen

Independent Auditor's Report

To the Shareholders of Baltic Holding Hundested ApS

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 Baltic Holding Hundested ApS 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 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 misstate-

Independent Auditor's Report

ment, 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.
- 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

Independent Auditor's Report

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.

Hellerup, 8 April 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Wraae Holm
statsautoriseret revisor
mne30141

Thomas Lauritsen
statsautoriseret revisor
mne34342

Company Information

The Company

Baltic Holding Hundested ApS
Ved Isefjorden 24
DK-3390 Hundested

CVR No: 36 08 58 51
Financial period: 1 January - 31 December
Municipality of reg. office: Halsnæs

Executive Board

Peter Ronnie Hulstrøm
Mikkel Schmidt
Thomas Holst Olsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

The principal activities of the company

Baltic Shipping Company A/S is a wholly owned subsidiary of Baltic Holding Hundested ApS. The company was established in 1950 and have since been transporting bulk and project cargo primarily in the Baltic Sea.

Baltic Shipping Company is specialized in Competitive Chartering, Ships Agency, Commercial Ship Management, handling and transporting Project Cargo and stevedoring.

At the end of 2018 Baltic Shipping Company has a fleet of 28 dry cargo vessels in the range from 1400-4300 dwt in commercial management.

Baltic Coaster Chartering ApS is a wholly owned subsidiary of Baltic Shipping Company A/S. The company was established in 1998 and have since been transporting bulk and project cargo primarily in the Baltic Sea.

Baltic Coaster Chartering is specialized in Competitive Chartering.

Baltic Coaster Chartering has 6 vessels on time charter.

Market overview and expected development

2018 marked yet another year of strong progress for the company overall. The revenue has increased and so has number of vessels in both commercial management and on time charter and the number of employees compared to previous year.

The activity has increased significantly in all areas of our business.

The positive development is primarily due to an increasingly dominating position in a strong market, which enables us to optimize our fleet and hence provide the best possible results for both vessel and freight owners.

Management's Review

Development in activities and financial matters

In 2018 the group had a total turnover of DKK 509 million compared to DKK 432 million in 2017, which is an increase of 17,8%. Only the commission received for commercial management is recognised as revenue, why the reported revenue in the financial statements in the group amounts to DKK 129 million compared to DKK 91,5 million in 2017.

The result before tax is DKK 19,1 million compared to DKK 10,2 million in 2017 which is an increase of 189%.

The Management consider the result very satisfactory and above expectations.

The number of people employed by Baltic Shipping Company has increased from an average of 17 employees in 2017 to an average of 23 employees in 2018.

Our fleet in Commercial Management has grown from an average of 24 vessels in 2017 to an average of 27 vessels during 2018. The market for coaster trading in the Baltic sea has grown steadily stronger during the year and this tendency is expected to continue in the foreseeable future. The activity in Baltic Shipping Company has in line with the development in the market grown significantly both in terms of filling own and foreign tonnage.

The Agency and Stevedoring activities has also grown in 2018. We have opened new office in Nykøbing Falster and Nakskov in the last quarter of the year and with that further strengthened our presence on Sealand.

Baltic Shipping Company has invested in a new crane Sennebogen 870M, which was delivered in April.

Our customer base has been additionally strengthened in 2018 and we continue having a strong relationship with our customers based on a competitive service, which is built on long lasting cooperation and partnerships.

Safety

We have in 4 consecutive years had 0 incidents on personnel.

Management's Review

Internal Risk management

We are continuously working on improving our internal risk management and quality standards.

To stress the importance of high quality standards in the sea transport for feeds, we were re-certified in GMP+ B4 for sea transport and to elevate the standard within our stevedoring and handling we were GMP+ B3 certified in October 2018.

To further strengthened our quality management system, we were ISO9001 certified. The standard has been incorporated in and by the whole organization. The general work with and knowledge about all the procedures, supports awareness, focus on quality assurance and correct start-up and continuous review of each project, promoting safety and preventive actions combined with ensuring the expected profitability and customer satisfaction.

Social responsibility

As a company, we have an ethical responsibility for our people, our surroundings and the world in which we live – including safety and environment on our projects. We therefore keep a continuous focus on safety, working environment and environmentally sound behavior and on contributing positively to our surroundings.

Throughout the year, we have worked for a positive and developing working environment, which focuses on the individual employee, and on collaboration between employees and across departments. We have supported initiatives to improve employee health and safety and are striving to continuously improve work-life balance, by ensuring the right people and the right number of people.

As a shipping company, we have a responsibility to contribute to the development of future shipping employees and leaders. We make an effort to take a significant number of own trainees onboard – and preferably keep them onboard - and support the education of trainees and of our employees in general.

We consider diversity a strength that helps us gain access to the best talents and develops our business and organization in a positive direction.

In Baltic Shipping Company we fully support and live by the UN Code of Conduct, and our human rights policies are consolidated from this and our employee handbook.

Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
Other external expenses		-13,750	-12,500
Gross profit/loss		-13,750	-12,500
Income from investments in subsidiaries		19,122,167	10,215,854
Financial expenses	1	-4,069	-4,213
Profit/loss before tax		19,104,348	10,199,141
Tax on profit/loss for the year	2	3,920	-19
Net profit/loss for the year		19,108,268	10,199,122

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	0	6,000,000
Proposed dividend for the year	19,200,000	12,500,000
Reserve for net revaluation under the equity method	19,200,000	6,958,433
Retained earnings	-19,291,732	-15,259,311
	19,108,268	10,199,122

Balance Sheet 31 December

Assets

	Note	2018 DKK	2017 DKK
Investments in subsidiaries	3	20,029,588	12,257,421
Fixed asset investments		20,029,588	12,257,421
Fixed assets		20,029,588	12,257,421
Receivables from group enterprises		0	98,546
Other receivables		50	50
Corporation tax		3,920	3,677
Receivables		3,970	102,273
Cash at bank and in hand		16,634	378,407
Currents assets		20,604	480,680
Assets		20,050,192	12,738,101

Balance Sheet 31 December

Liabilities and equity

	Note	2018 DKK	2017 DKK
Share capital		100,000	100,000
Retained earnings		40,119	131,851
Proposed dividend for the year		19,200,000	12,500,000
Equity		19,340,119	12,731,851
Trade payables		6,250	6,250
Payables to group enterprises		703,823	0
Short-term debt		710,073	6,250
Debt		710,073	6,250
Liabilities and equity		20,050,192	12,738,101
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Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	100,000	0	131,851	12,500,000	12,731,851
Ordinary dividend paid	0	0	0	-12,500,000	-12,500,000
Dividend from group enterprises	0	-19,200,000	19,200,000	0	0
Net profit/loss for the year	0	19,200,000	-19,291,732	19,200,000	19,108,268
Equity at 31 December	100,000	0	40,119	19,200,000	19,340,119

Notes to the Financial Statements

	2018 DKK	2017 DKK
1 Financial expenses		
Other financial expenses	4,069	4,213
	4,069	4,213
2 Tax on profit/loss for the year		
Current tax for the year	-3,920	-3,677
Adjustment of tax concerning previous years	0	3,696
	-3,920	19

Notes to the Financial Statements

	2018 DKK	2017 DKK
3 Investments in subsidiaries		
Cost at 1 January	4,900,000	4,900,000
Additions for the year	50,000	0
Cost at 31 December	4,950,000	4,900,000
Value adjustments at 1 January	7,357,421	4,441,567
Net profit/loss for the year	19,122,167	10,215,854
Dividend to the Parent Company	-11,400,000	-7,300,000
Value adjustments at 31 December	15,079,588	7,357,421
Carrying amount at 31 December	20,029,588	12,257,421

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Baltic Shipping Company A/S	Halsnæs	700,000	100%	19,979,586	19,122,167
Baltic Holding Jylland ApS	Halsnæs	50,000	100%	50,000	0

Baltic Holding Jylland ApS has first financial year 31. december 2019.

Baltic Shipping Company A/S has after 31 December 2018 paid out dividend amounting to TDKK 19,200.

4 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 946,066. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income.

Notes to the Financial Statements

5 Accounting Policies

The Annual Report of Baltic Holding Hundedstet ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

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 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

5 Accounting Policies (continued)

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

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

Tax for the year consists of current tax for the year and changes in 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.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

5 Accounting Policies (continued)

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

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.

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 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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan.

Notes to the Financial Statements

5 Accounting Policies (continued)

Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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