
Integrity Bulk ApS

Tuborg Havnevej 18, 1., DK-2900 Hellerup

Annual Report for 1 April 2017 - 31 March 2018

CVR No 36 40 89 87

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/05 2018

Martin Egvang
Chairman



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Integrity Bulk ApS for the financial year 1 April 2017 - 31 March 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 March 2018 of the Company and of the results of the Company operations and cash flows for 2017/18.

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.

Hellerup, 30 May 2018

Executive Board

Martin Egvang
CEO

Søren Hahnemann
CFO

Independent Auditor's Report

To the Shareholder of Integrity Bulk ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2018 and of the results of the Company's operations and cash flows for the financial year 1 April 2017 - 31 March 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Integrity Bulk ApS for the financial year 1 April 2017 - 31 March 2018, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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 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, 30 May 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Wraae Holm
State Authorized Public Accountant
mne30141

Martin Birch
State Authorized Public Accountant
mne42825

Company Information

The Company

Integrity Bulk ApS
Tuborg Havnevej 18, 1.
DK-2900 Hellerup

CVR No: 36 40 89 87
Financial period: 1 April - 31 March
Municipality of reg. office: Gentofte

Executive Board

Martin Egvang
Søren Hahnemann

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	<u>2017/18</u>	<u>2016/17</u>	<u>2014-16</u>
	TUSD	TUSD	TUSD
Key figures			
Profit/loss			
Revenue	102,413	61,583	42,296
Profit/loss before financial income and expenses	4,690	3,442	-4,951
Net financials	115	-110	3
Net profit/loss for the year	3,692	2,573	-3,870
Balance sheet			
Balance sheet total	19,449	12,471	7,455
Equity	11,181	7,589	5,016
Ratios			
Solvency ratio	57.5%	60.9%	67.3%
Return on equity	39.3%	40.8%	-154.3%

The key figures have been compiled in accordance with the Danish Financial Analyst Association's recommendations and guidance. Referring to definitions in the section on accounting policies.

Management's Review

Key activities

The company's aim is - directly or through equity participation in other companies - to conduct business in shipping, transport, industry, trade and crafts, and other activities deemed by the Executive Board's discretion involved.

Development in the year

The income statement of the Company for 2017/18 shows a profit of USD 4,805,291 before taxes (USD 3,692,499 after taxes), and at 31 March 2018 the balance sheet of the Company shows an equity of USD 11,181,270.

The Past year

The Management consider the result for the financial year very satisfactory

The results are founded in a relatively inexpensive period charter fleet combined with an increased activity both on the period charter fleet as well as the Company's cargo base.

During the year, the Company has been able to further enhance its market penetration – both with Ship Owners as well as Cargo Charterers – and, as a result, expect to achieve a positive result for the coming financial year.

Market risks

Freight rates obtained on the vessels time chartered by the Company are the main risk elements. Integrity Bulk's revenues are exclusively generated from activities in the dry bulk segment. The dry bulk industry is cyclical and volatile, which can lead to reductions in freight rates and volumes. Fluctuations in freight rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the large variety of products that the vessels carry.

Bunker fuels constitute and additional factor affecting net earnings and price fluctuations can have a considerable impact on Integrity Bulk's results.

Foreign exchange risks

The Company uses United States Dollar ("USD") as the functional currency because the majority of the Company's transactions are denominated in USD. Thus the Company's exchange rate risk is related to cash flows not denominated in USD. The primary risk relates to transactions denominated in Danish Krone ("DKK"), euro ("EUR"), Singapore Dollar ("SGD") and other major currencies, and relates to administrative and operating expenses.

Management's Review

Credit risks

The Company is reliant on their counterparties fulfilling their payment obligations. Should a counterpart default on its obligations, the Company could incur potential losses which could have a negative impact on the Group's future growth, results, cashflow and financial situation.

Liquidity risks

Cash is an important factor for the Company's development. The Company monitors constantly its cash flow forecasts carefully to ensure it has adequate liquidity for its working capital requirements.

The Company maintains an unused facility to call for additional liquidity from its ultimate shareholders to the amount of up to TUSD 2,250.

Targets and expectations for the year ahead

The Company is now a well-known and respected market participant and expects to gradually increase its activities over the coming years.

The Company expects a positive result for the new financial year having already recorded profits in the first 2 months of the new financial year.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 April - 31 March

	Note	2017/18 USD	2016/17 USD
Revenue		102,413,461	61,583,073
Vessel operating expenses		-94,230,369	-56,780,968
Other external expenses		-1,780,937	-505,909
Gross profit/loss		6,402,155	4,296,196
Staff expenses	1	-1,712,211	-854,197
Profit/loss before financial income and expenses		4,689,944	3,441,999
Financial income	2	161,294	1,310
Financial expenses	3	-45,921	-111,154
Profit/loss before tax		4,805,317	3,332,155
Tax on profit/loss for the year	4	-1,112,818	-759,320
Net profit/loss for the year		3,692,499	2,572,835

Balance Sheet 31 March

Assets

	Note	2018 USD	2017 USD
Bunker		4,301,044	2,502,541
Trade receivables		7,197,263	895,680
Other receivables		16,761	69,213
Deferred tax asset	7	0	507,135
Corporation tax		281,235	0
Prepayments	5	2,716,376	827,923
Receivables		10,211,635	2,299,951
Cash at bank and in hand		4,936,164	7,668,579
Currents assets		19,448,843	12,471,071
Assets		19,448,843	12,471,071

Balance Sheet 31 March

Liabilities and equity

	Note	2018 USD	2017 USD
Share capital		1,006,048	1,006,048
Retained earnings		10,175,222	6,582,723
Equity		11,181,270	7,588,771
Provision for future loss on voyages	8	218,453	82,764
Provisions		218,453	82,764
Trade payables		3,373,797	2,023,864
Ongoing voyages		3,874,747	2,395,497
Corporation tax		0	187,771
Other payables		800,576	192,404
Short-term debt		8,049,120	4,799,536
Debt		8,049,120	4,799,536
Liabilities and equity		19,448,843	12,471,071
Distribution of profit	6		
Contingent assets, liabilities and other financial obligations	12		
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Statement of Changes in Equity

	Share capital USD	Retained earnings USD	Total USD
2017/18			
Equity at 1 April	1,006,048	6,582,723	7,588,771
Extraordinary dividend paid	0	-100,000	-100,000
Net profit/loss for the year	0	3,692,499	3,692,499
Equity at 31 March	1,006,048	10,175,222	11,181,270
2016/17			
Equity 1. april	1,006,048	4,009,888	5,015,936
Net profit/loss for the year	0	2,572,835	2,572,835
Equity at 31 March	1,006,048	6,582,723	7,588,771

Cash Flow Statement 1 April - 31 March

	Note	2017/18 USD	2016/17 USD
Net profit/loss for the year		3,692,499	2,572,835
Adjustments	10	997,445	869,164
Change in working capital	11	-6,363,046	627,423
Cash flows from operating activities before financial income and expenses		-1,673,102	4,069,422
Financial income		161,294	1,310
Financial expenses		-45,918	-111,153
Cash flows from ordinary activities		-1,557,726	3,959,579
Corporation tax paid		-1,074,689	0
Cash flows from operating activities		-2,632,415	3,959,579
Dividend paid		-100,000	0
Cash flows from financing activities		-100,000	0
Change in cash and cash equivalents		-2,732,415	3,959,579
Cash and cash equivalents at 1 April		7,668,579	3,709,000
Cash and cash equivalents at 31 March		4,936,164	7,668,579
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		4,936,164	7,668,579
Cash and cash equivalents at 31 March		4,936,164	7,668,579

Notes to the Financial Statements

	<u>2017/18</u>	<u>2016/17</u>
	USD	USD
1 Staff expenses		
Wages and salaries	1,604,423	787,311
Pensions	99,800	63,415
Other social security expenses	7,988	3,471
	<u>1,712,211</u>	<u>854,197</u>
Average number of employees	<u>9</u>	<u>5</u>
2 Financial income		
Other financial income	24,330	1,310
Exchange adjustments	136,964	0
	<u>161,294</u>	<u>1,310</u>
3 Financial expenses		
Other financial expenses	45,921	30,201
Exchange adjustments, expenses	0	80,953
	<u>45,921</u>	<u>111,154</u>
4 Tax on profit/loss for the year		
Current tax for the year	525,766	187,771
Deferred tax for the year	587,052	571,549
	<u>1,112,818</u>	<u>759,320</u>

5 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, subscriptions, taxes and sundry expenses as well.

Notes to the Financial Statements

	2017/18	2016/17
	USD	USD
6 Distribution of profit		
Extraordinary dividend paid	100,000	0
Retained earnings	3,592,499	2,572,835
	3,692,499	2,572,835
7 Deferred tax asset		
Deferred tax asset at 1 April	507,135	1,078,684
Amounts recognised in the income statement for the year	-587,052	-571,549
Currency adjustment for the year	79,917	0
Deferred tax asset at 31 March	0	507,135
8 Provision for future loss on voyages		
Provision for loss on voyages	218,453	82,764
	218,453	82,764
9 Deferred income		
Deferred income consists of payments received in respect of income in subsequent years.		
10 Cash flow statement - adjustments		
Financial income	-161,294	-1,310
Financial expenses	45,921	111,154
Tax on profit/loss for the year	1,112,818	759,320
	997,445	869,164

Notes to the Financial Statements

	2017/18	2016/17
	USD	USD
11 Cash flow statement - change in working capital		
Change in inventories	-1,798,504	-1,204,613
Change in receivables	-6,001,375	346,959
Change in other provisions	135,689	-287,659
Change in trade payables, etc	1,301,144	1,772,736
	-6,363,046	627,423

12 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:
A floating charge has been placed as security in accounts receivable, inventory, property, plant and equipment and goodwill. At 31 March 2018 the debt amounts to USD 0.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	16,447,111	12,884,014
	16,447,111	12,884,014

Notes to the Financial Statements

13 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>
Integrity Bulk Pte. Ltd.	Battery Road #15-01 Straits Trading Building, Singapore

The Group Annual Report of Integrity Bulk Pte. LTD. may be obtained from ACRA (Singapore Accounting and Corporate Regulatory Authority)

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Integrity Bulk ApS for 2017/18 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.

The Financial Statements for 2017/18 are presented in USD. The exchange rate for USD is at 31 March 2018 DKK 601,88 (31 March 2017: DKK 695,72)

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.

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

All 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.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Income Statement

Revenue

Revenue from sales is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion by using the percentage-of-completion method. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the voyagedays incurred and the total expected voyagedays of the voyage.

Revenue consists of Freight, demurrage and timecharter and is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Vessel operating expenses

Vessel operating expenses comprise the raw materials and consumables consumed to achieve revenue for the enterprise.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Staff expenses

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

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Balance Sheet

Bunker

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

The net realisable value of bunker is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

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 rent, insurance premiums, and subscriptions.

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.

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 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 or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the payments to and from share holders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$