

Genco Shipping A/S

Sundkrogsvej 16, DK-2100 Copenhagen

CVR no. 39 44 65 02

Annual report for 2019

Adopted at the annual general
meeting on 30 June 2020



Kasper Hjort Midtgaard
chairman

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Management's review	
Company details	5
Management's review	6
Financial statements	
Income statement 1 January - 31 December	7
Balance sheet 31 December	8
Statement of changes in equity	10
Notes to the annual report	11
Accounting policies	13

Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Genco Shipping A/S for the financial year 1 January - 31 December 2019.

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 company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 29 June 2020

Executive board

Jesper Christensen

Board of Directors



John Chambers Wobensmith



Apostolos Zafolias



Jesper Christensen

Independent auditor's report

To the shareholder of Genco Shipping A/S

Opinion

We have audited the financial statements of Genco Shipping A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

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.

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 the financial statements that are free from material misstatement, 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.

Independent auditor's report

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 judgment and maintain professional skepticism 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.

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, we conclude that 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 of management's review.

Copenhagen, 30 June 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56


Bjarne Iver Jørgensen
State-Authorised Public Accountant
MNE no. mne35659

Company details

The company

Genco Shipping A/S
Sundkrogskaj 16
DK-2100 Copenhagen

CVR no.: 39 44 65 02

Reporting period: 1 January - 31 December 2019

Domicile: Copenhagen

Board of Directors

John Chambers Wobensmith
Apostolos Zafolias
Jesper Christensen

Executive board

Jesper Christensen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen

Consolidated financial statements

The company is included in the consolidated financial statements of the parent company Genco Shipping & Trading Limited.

Management's review

Business review

The company's main activity is to operate shipping, chartering and other transport and to operate other business in relation to this.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters

The company's financial position at 31 December 2019 and the results of its operations for the financial year ended 31 December 2019 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2019 shows a profit of TUSD 588, and the balance sheet at 31 December 2019 shows equity of TUSD 850.

Significant events occurring after the end of the financial year

The onset of the Covid-19 novel coronavirus has limited industrial activity globally, with temporary closures of factories and other facilities, and impacted sentiment surrounding the global economy. We therefore believe it is a contributing factor to lower drybulk rates in 2020 as a result of lower demand for the some of the cargoes we carry, including iron ore and coal. In addition, the coronavirus epidemic presents operational risks for owners of drybulk vessels. Operational risks include delays in transferring cargo due to quarantines of affected individuals, offhire time due to quarantine regulations requiring a minimum of 14 days between departure from a port and arrival at others ports in other countries, delays and expenses in finding substitute crew members for any who may become infected, delays in drydocking if insufficient shipyard personnel are working due to quarantines, and delays in payment systems through which we receive revenues . The parent company, Genco Shipping & Trading Limited has instituted measures to reduce the risk that the coronavirus would impact their crew or vessels. However, if the coronavirus epidemic is prolonged or becomes more severe, rates in the drybulk market, and our operations may be negatively affected. However, since Genco Shipping A/S is a charter of vessels and not operators of vessels, the risks associated with COVID-19 are reduced, but certainly impacted, as a result in the ability to obtain cargoes and the impact it has on drybulk rates. Apart from this, no events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 January - 31 December

	Note	2019 TUSD	2018 TUSD
Gross profit		1.267	533
Staff expenses	1	-503	-296
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2	0
Profit/loss before net financials		762	237
Financial income		51	27
Financial expenses		-64	-7
Profit/loss before tax		749	257
Tax on profit/loss for the year	2	-161	-79
Profit/loss for the year		588	178
Distribution of profit			
Retained earnings		588	178
		588	178

Balance sheet 31 December

	Note	2019 TUSD	2018 TUSD
Assets			
Other fixtures and fittings, tools and equipment		5	0
Leasehold improvements		3	0
Tangible assets	3	8	0
Total non-current assets		8	0
Inventories		0	311
Stocks		0	311
Trade receivables		953	1.332
Receivables from group entities		0	5.022
Prepayments		68	537
Receivables		1.021	6.891
Cash at bank and in hand		1.644	2.882
Total current assets		2.665	10.084
Total assets		2.673	10.084

Balance sheet 31 December

	Note	2019 TUSD	2018 TUSD
Equity and liabilities			
Share capital		84	84
Retained earnings		766	178
Equity		850	262
Other payables		24	0
Total non-current liabilities	4	24	0
Trade payables		947	1.429
Payables to group entities		626	7.609
Other payables		40	1
Deferred income		186	783
Total current liabilities		1.799	9.822
Total liabilities		1.823	9.822
Total equity and liabilities		2.673	10.084
Contingent liabilities	5		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2019	84	178	262
Net profit/loss for the year	0	588	588
Equity at 31 December 2019	84	766	850

Notes

	2019 TUSD	2018 TUSD
1 Staff expenses		
Wages and salaries	503	283
Pensions	0	13
	503	296
Average number of employees	2	1
2 Tax on profit/loss for the year		
Current tax for the year	161	79
	161	79
3 Tangible assets		
	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
Cost at 1 January 2019	0	0
Additions for the year	6	4
Disposals for the year	0	0
Cost at 31 December 2019	6	4
Impairment losses and depreciation at 1 January 2019	0	0
Depreciation for the year	1	1
Impairment losses and depreciation at 31 December 2019	1	1
Carrying amount at 31 December 2019	5	3

Notes

4 Long term debt

	Debt at 1 January 2019	Debt at 31 December 2019	Instalment next year	Debt outstanding after 5 years
Other payables	0	24	0	0
	0	24	0	0

5 Contingent liabilities

Other contingent liabilities not recognised in balance sheet

The company has entered into a lease of premises with a minimum lease obligation totalling TUSD 87.

Accounting policies

The annual report of Genco Shipping A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in TUSD. Currency exchange rate (USD/DKK):

31.12.2018: 6,5194

31.12.2019: 6,6627

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Accounting policies

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Accounting policies

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Accounting policies

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.