J. Poulsen Shipping A/S

Norvangen 3D
DK-4220 Korsør

CVR no. 66 20 29 17

Annual report for 2019

Adopted at the annual general
meeting on 24 June 2020

Søren Andersen
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of J. Poulsen 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.

Management recommends that the annual report should be approved at the annual general meeting.

Korsør, 24 June 2020

Executive board

Finn J. Poulsen

Supervisory board

Søren Andersen chairman	Per Leopold Møller	Bjarne Tvilde

Finn J. Poulsen

Independent auditor's report

To the shareholders of J. Poulsen Shipping A/S

Opinion

We have audited the financial statements of J. Poulsen 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.

Emphasis of matter

Without modifying our opinion, we draw attention to note 2 to the financial statements "Uncertainty in recognition and measurement", describing the uncertainty regarding the value of the company's investments and receivables in affiliated and associated companies.

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.

Copenhagen, 24 June 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Bo Schou-Jacobsen	Mark Philip Beer
State Authorised Public Accountant	State Authorised Public Accountant
MNE no. mne28703	MNE no. mne29472

Company details

The company	J. Poulsen Shipping A/S Norvangen 3D DK-4220 Korsør	
	Telephone:	+4558350586
	Website:	www.jpship.dk
	CVR no.:	66 20 29 17
	Reporting period:	1 January - 31 December 2019
	Domicile:	Slagelse
Supervisory board	Søren Andersen, chairman Per Leopold Møller Bjarne Tvilde Finn J. Poulsen	
Executive board	Finn J. Poulsen, CEO	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup	

Accounting policies

The annual report of J. Poulsen Shipping A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

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

The annual report for 2019 is presented in DKK

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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.

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.

Accounting policies

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

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

Revenue

Revenue primarily relates to management income, commissions, etc., and is recognised in the income statement when services are delivered in accordance with agreements.

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 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.

Depreciation and impairment losses

Depreciation and impairment losses comprise the year's depreciation and impairment of 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, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Profit/loss from investments in subsidiaries and associates

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the company's income statement after full elimination of intra-group profits/losses.

Accounting policies

The proportionate share of the profit/loss for the year of associates is recognised in the company's income statement after elimination of the proportionate share of intra-group profits/gains.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation. The current Danish income tax is allocated between the jointly taxed entities in proporation to their taxable income.

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit of the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The Company's current tax consists of tax calculated according to the provisions of the Danish Tonnage Tax Act in respect of shipping activities, and according to general tax regulations in respect of other activities. Income calculated in accordance with the Tonnage Tax Act includes a notional taxable income assessed on the basis of the tonnage employed during the year.

Balance sheet

Tangible assets

Other 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.

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

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

Other fixtures and fittings, tools and equipment	3-10	years

Assets costing less than DKK 13.800 are expensed in the year of acquisition.

Accounting policies

Investments in subsidiaries and associates
Investments in subsidiaries and associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

The total net revaluation of investments in subsidiaries and associates 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 and the associates.

Acquisitions are accounted for using the purchase method, cf. the above description of the statement of goodwill.

Other securities and investments, fixed assets
Investments are measured at fair value.

Impairment of fixed assets
The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is indication of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price and the value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables
Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

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

Accounting policies

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.

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.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other 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.

Income statement 1 January 2019 - 31 December 2019

	Note	2019	2018
		DKK	DKK
Gross profit		**5.738.625**	**3.012.749**
Staff costs	5	-2.334.008	-2.685.105
Depreciation and impairment of property, plant and equipment		-33.143	-25.187
Profit/loss before net financials		**3.371.474**	**302.457**
Income from investments in subsidiaries	6	-5.034.944	-3.312.766
Income from investments in associates	7	0	-542.648
Financial income	8	1.145.638	3.248.855
Financial costs	9	-2.021.843	-3.153.383
Profit/loss before tax		**-2.539.675**	**-3.457.485**
Tax on profit/loss for the year	10	-35.427	203.629
Profit/loss for the year		**-2.575.102**	**-3.253.856**
Retained earnings		-2.575.102	-3.253.856
		-2.575.102	**-3.253.856**

Balance sheet at 31 December 2019

	Note	2019 DKK	2018 DKK
Assets			
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		58.922	92.065
Tangible assets	11	**58.922**	**92.065**
Investments in subsidiaries	12	1.545.819	2.599.385
Other fixed asset investments	14	0	1.700.000
Fixed asset investments		**1.545.819**	**4.299.385**
Total non-current assets		**1.604.741**	**4.391.450**
Receivables from subsidiaries		3.367.498	2.953.585
Receivables from associates		5.327.188	4.789.803
Other receivables		803.542	2.292.061
Prepayments		12.629	0
Receivables		**9.510.857**	**10.035.449**
Cash at bank and in hand		**401.570**	**1.398.654**
Total current assets		**9.912.427**	**11.434.103**
Total assets		**11.517.168**	**15.825.553**

Balance sheet at 31 December 2019

	Note	2019 DKK	2018 DKK
Equity and liabilities			
Share capital		10.000.000	10.000.000
Retained earnings		-8.349.807	-5.774.705
Equity		**1.650.193**	**4.225.295**
Banks		2.700.075	2.954.632
Trade payables		0	4.056
Payables to subsidiaries		1.167.497	2.157.283
Other payables		5.999.403	4.761.912
Deferred income		0	1.722.375
Total current liabilities		**9.866.975**	**11.600.258**
Total liabilities		**9.866.975**	**11.600.258**
Total equity and liabilities		**11.517.168**	**15.825.553**
Capital resources	1		
Uncertainty in the recognition and measurement	2		
Subsequent events	3		
Main activity	4		
Contingent liabilities	15		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2019	10.000.000	-5.774.705	4.225.295
Net profit/loss for the year	0	-2.575.102	-2.575.102
Equity at 31 December 2019	**10.000.000**	**-8.349.807**	**1.650.193**

Notes

1 Capital resources

In 2019, the company's subsidiary owning the vessel m.s. THUNDER BIRD has entered into a Contract of Affreightment with a substantial international counterpart for the period 2020 to medio 2022. In addition, the company and the subsidiary agreed a revised repayment plan under the loan agreement with the bank and repayment of other payables DKK 5.3 million if certain conditions are met. Based on these events, it is the assessment of the executive board and the supervisory board that the capital resources and the cash flow situation of the company have been secured until June 2022.

2 Uncertainty in the recognition and measurement

The preparation of the financial statements requires management to make estimates and judgements. These are the basis for recognition and measurement of the company's income, expenses, assets and liabilities. The applied estimates are based on historical data and other factors that management considers appropriate under the given circumstances, but which are inherently uncertain or unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. This means that an estimate can be subject to significant uncertainty.

As a consequence of the current market conditions within the business of the company, management has, when presenting the financial statements, made significant estimates especially when estimating the valuation of investments in and receivables from subsidiaries and associated entities.

Management has assessed whether the carrying amount of the above-mentioned assets can be considered to be appropriate with the estimated recoverable amount or the net realizable value in order to assess the need for impairment.

Sale of the assets in the near future could lead to loss on realization, if such a sale is carried through.

3 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the company. Subsequently, no significant changes in the valuation of assets and liabilities have been identified.

COVID-19 is not expected to have any material impact on the company's revenue and profit in 2020. Management estimates that the company has sufficient capital resources, cf. note 1.

Notes

4 Main activity

The J. Poulsen Shipping A/S Group is engaged in international shipping, including administration and shipping operations.

	2019	2018
	DKK	DKK
5 Staff costs		
Wages and salaries	2.095.172	2.431.530
Pensions	184.540	199.932
Other social security costs	54.296	53.643
	2.334.008	**2.685.105**
Average number of employees	6	7

	2019	2018
6 Income from investments in subsidiaries		
Share of losses of subsidiaries	-5.034.944	-3.265.023
Loss sale of subsidiaries	0	-47.743
	-5.034.944	**-3.312.766**

	2019	2018
7 Income from investments in associates		
Share of losses of associates	0	-542.648
	0	**-542.648**

Notes

		2019	2018
		DKK	DKK
8	**Financial income**		
	Interest received from subsidiaries	1.133.033	1.078.210
	Other financial income	12.605	85.046
	Exchange rate gains	0	85.599
	Reversal of impairment receivables from associate	0	2.000.000
		1.145.638	**3.248.855**

		2019	2018
9	**Financial costs**		
	Impairment losses on financial assets	1.700.000	2.683.484
	Financial expenses, group entities	41.298	58.641
	Other financial costs	197.358	411.258
	Exchange rate loss	83.187	0
		2.021.843	**3.153.383**

		2019	2018
10	**Tax on profit/loss for the year**		
	Adjustment of tax concerning previous years	35.427	-203.629
		35.427	**-203.629**

Notes

11 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2019	1.612.920	100.435
Cost at 31 December 2019	1.612.920	100.435
Impairment losses and depreciation at 1 January 2019	1.612.920	8.370
Depreciation for the year	0	33.143
Impairment losses and depreciation at 31 December 2019	1.612.920	41.513
Carrying amount at 31 December 2019	**0**	**58.922**

12 Investments in subsidiaries

	2019 DKK	2018 DKK
Cost at 1 January 2019	34.092.531	34.098.173
Disposals for the year	0	-5.642
Cost at 31 December 2019	34.092.531	34.092.531
Revaluations at 1 January 2019	-31.493.146	-29.187.231
Disposals for the year	0	-42.101
Net profit/loss for the year	-5.034.944	-3.265.023
Received dividend	-1.200.000	-3.600.000
Equity investments with negative net asset value amortised over receivables	5.181.378	4.601.209
Revaluations at 31 December 2019	-32.546.712	-31.493.146
Carrying amount at 31 December 2019	**1.545.819**	**2.599.385**

Notes

	2019	2018
	DKK	DKK
13 Investments in associates		
Cost at 1 January 2019	7.843.376	7.843.376
Cost at 31 December 2019	7.843.376	7.843.376
Revaluations at 1 January 2019	-7.843.376	-7.300.728
Net profit/loss for the year	0	-542.648
Revaluations at 31 December 2019	-7.843.376	-7.843.376
Carrying amount at 31 December 2019	**0**	**0**

Notes

14 Fixed asset investments

	Other fixed asset investments
Cost at 1 January 2019	34.526.572
Cost at 31 December 2019	34.526.572
Impairment losses at 1 January 2019	32.826.572
Impairment losses for the year	1.700.000
Impairment losses at 31 December 2019	34.526.572
Carrying amount at 31 December 2019	**0**

Notes

15 Contingent liabilities

The company has made leasing engagements. The future lease payments amounts to TDKK 67.

The company has provided a guarantee for the subsidiary's bank loan, amounting to DKK 42.972K.
The company moreover guarantess a debt to banks in other company amounting to DKK 500K.

Guarantee commitments
The parent company is jointly taxed with its danish group entities. The entities are jointly and severally liable for danish income taxes as well as withholding taxes on dividends, interest and royalties payable by the group of jointly taxed entities.