

Lightship Chartering A/S

Tuborg Havnevej 15
2900 Hellerup
Central Business Registration No
89990114

Annual report 2017

The Annual General Meeting adopted the annual report on, 27.04.2018

Chairman of the General Meeting

Name: Giovanni Garufi

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Entity details

Entity

Lightship Chartering A/S
Tuborg Havnevej 15
2900 Hellerup

Central Business Registration No: 89990114

Founded: 02.04.1982

Registered in: Gentofte

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Morten Have, Chairman
Giovanni Garufi
Kasper Bøgelund Olsen

Executive Board

Giovanni Garufi, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 Copenhagen

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Lightship Chartering A/S for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hellerup, 27.04.2018

Executive Board

Giovanni Garufi
CEO

Board of Directors

Morten Have
Chairman

Giovanni Garufi

Kasper Bøgelund Olsen

Independent auditor's reports

To the shareholders of Lightship Chartering A/S

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Lightship Chartering A/S for the financial year 01.01.2017 - 31.12.2017. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies, are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

Independent auditor's reports

In connection with our extended review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 27.04.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Thomas Frommelt Hertz

State Authorised Public Accountant

Identification number (MNE) mne31543

Management commentary

Primary activities

Lightship Chartering A/S' activity is to carry on shipping business as chartering broker and other shipping related activities.

Development in activities and finances

Lightship Chartering A/S has incurred a profit of DKK 12,129 mill for the year against a profit of DKK 2,392 mill for 2016.

The Management consider this performance to be in line with expectations.

The Lightship Group made a restructure during 2017 and all Group companies are now owned by Lightship SA in Geneva as from 4th quarter 2017.

The Lightship Group has during 2017 establishing Lightship Chartering (UK) Ltd and opened a representation office in Beijing. This has been well accepted in the market and the Management expects Middle East/Asia as a business area to develop further in the years to come.

Outlook

Management expects the Lightship Group to continue the positive development during 2018, to expand further both within present offices but also by establishing new offices and entering into new segments. Lightship Chartering Genova Srl. in Genova has started up in spring 2018.

Business risks

Lightship Chartering is exposed to the general developments in the dry bulk shipping market as well as our customers' activity level.

Financial exposure

The exposure to receivables in foreign currencies – mainly USD and CHF – is considered to be the main financial risk affecting the Entity.

Events after the balance sheet date

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

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Gross profit		5.906.878	5.430
Staff costs	1	(5.540.464)	(5.810)
Depreciation, amortisation and impairment losses	2	<u>(33.337)</u>	<u>(1.372)</u>
Operating profit/loss		333.077	(1.752)
Income from investments in group enterprises		12.227.576	4.358
Other financial income	3	259.556	167
Other financial expenses	4	<u>(684.408)</u>	<u>(381)</u>
Profit/loss before tax		12.135.801	2.392
Tax on profit/loss for the year	5	<u>(5.885)</u>	<u>0</u>
Profit/loss for the year		<u>12.129.916</u>	<u>2.392</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		22.200.000	0
Transferred to reserve for net revaluation according to the equity method		0	4.358
Retained earnings		<u>(10.070.084)</u>	<u>(1.966)</u>
		<u>12.129.916</u>	<u>2.392</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Other fixtures and fittings, tools and equipment		609.156	261
Leasehold improvements		0	0
Property, plant and equipment	6	<u>609.156</u>	<u>261</u>
Investments in group enterprises		0	39.080
Other investments		312.375	275
Deposits		303.842	0
Fixed asset investments	7	<u>616.217</u>	<u>39.355</u>
Fixed assets		<u>1.225.373</u>	<u>39.616</u>
Trade receivables		1.739.994	1.948
Receivables from group enterprises		24.869.722	1.573
Other receivables		77.624	503
Income tax receivable		35.000	53
Prepayments		721.805	170
Receivables		<u>27.444.145</u>	<u>4.247</u>
Cash		<u>1.567.947</u>	<u>898</u>
Current assets		<u>29.012.092</u>	<u>5.145</u>
Assets		<u>30.237.465</u>	<u>44.761</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Contributed capital		1.000.000	1.000
Reserve for net revaluation according to the equity method		0	18.387
Retained earnings		4.439.448	0
Proposed dividend		22.200.000	0
Equity		<u>27.639.448</u>	<u>19.387</u>
Trade payables		714.932	1.894
Payables to group enterprises		0	20.910
Other payables		1.883.085	2.570
Current liabilities other than provisions		<u>2.598.017</u>	<u>25.374</u>
Liabilities other than provisions		<u>2.598.017</u>	<u>25.374</u>
Equity and liabilities		<u>30.237.465</u>	<u>44.761</u>
Contingent liabilities	8		

Statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	1.000.000	18.386.818	0	0
Effect of divestments of entities etc	0	(14.481.712)	14.481.712	0
Exchange rate adjustments	0	(3.905.106)	27.820	0
Profit/loss for the year	0	0	(10.070.084)	22.200.000
Equity end of year	1.000.000	0	4.439.448	22.200.000
				Total DKK
Equity beginning of year				19.386.818
Effect of divestments of entities etc				0
Exchange rate adjustments				(3.877.286)
Profit/loss for the year				12.129.916
Equity end of year				27.639.448

Notes

	2017	2016
	DKK	DKK'000
1. Staff costs		
Wages and salaries	5.137.305	5.308
Pension costs	265.974	305
Other social security costs	55.580	71
Other staff costs	81.605	126
	5.540.464	5.810
Average number of employees	12	13
	2017	2016
	DKK	DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	123.003	1.373
Profit/loss from sale of intangible assets and property, plant and equipment	(89.666)	(1)
	33.337	1.372
	2017	2016
	DKK	DKK'000
3. Other financial income		
Financial income arising from group enterprises	44.319	62
Interest income	54.961	11
Exchange rate adjustments	160.276	94
	259.556	167
	2017	2016
	DKK	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	171.044	259
Interest expenses	64	0
Exchange rate adjustments	513.300	122
	684.408	381

Notes

	2017	2016
	DKK	DKK'000
5. Tax on profit/loss for the year		
Adjustment concerning previous years	5.885	0
	5.885	0
	Other	Leasehold
	fixtures and	improve-
	fittings,	ments
	tools and	DKK
	equipment	
	DKK	
6. Property, plant and equipment		
Cost beginning of year	3.756.941	2.718.334
Additions	470.796	0
Disposals	(3.030.844)	(2.718.334)
Cost end of year	1.196.893	0
Depreciation and impairment losses beginning of the year	(3.495.578)	(2.718.334)
Depreciation for the year	(123.003)	0
Reversal regarding disposals	3.030.844	2.718.334
Depreciation and impairment losses end of the year	(587.737)	0
Carrying amount end of year	609.156	0

Notes

	Investments in group enterprises DKK	Other investments DKK	Deposits DKK
7. Fixed asset investments			
Cost beginning of year	663.027	53.704	0
Additions	8.391	0	303.842
Disposals	(671.418)	0	0
Cost end of year	0	53.704	303.842
Revaluations beginning of year	38.923.213	223.546	0
Exchange rate adjustments	(3.160.582)	0	0
Transfers	0	(3.250)	0
Share of profit/loss for the year	14.868.727	0	0
Revaluations for the year	0	38.375	0
Reversal regarding disposals	(50.631.358)	0	0
Revaluations end of year	0	258.671	0
Impairment losses beginning of year	(505.540)	(3.250)	0
Exchange rate adjustments	145.107	0	0
Transfers	0	3.250	0
Share of profit/loss for the year	1.966.111	0	0
Investments with negative equity depreciated over receivables	(1.220.625)	0	0
Reversal regarding disposals	(385.053)	0	0
Impairment losses end of year	0	0	0
Carrying amount end of year	0	312.375	303.842
		2017 DKK	2016 DKK'000
8. Contingent liabilities			
Other contingent liabilities		2.532.017	540.000
Contingent liabilities in total		2.532.017	540.000

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue (commission income) for charters and time charter agreements is recognized in the income statement when an agreed contract (clean recap) is approved by the owner of the vessel and the charterer. In case of cancellation of the agreed contract (clean recap) after closing date, a credit note would be issued to cancel the commission income and recognized in the income statement the same year the commission was recorded.

Other external expenses

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

Staff costs

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

Accounting policies

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in group enterprises

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

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity investments measured at cost. Unlisted equity investments are written down to any lower net realisable value.

Accounting policies

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.