The Annual Report was presented and adopted at the Company's Annual General Meeting on 3 July 2017

Chairman of the meeting   Michael Keldsen

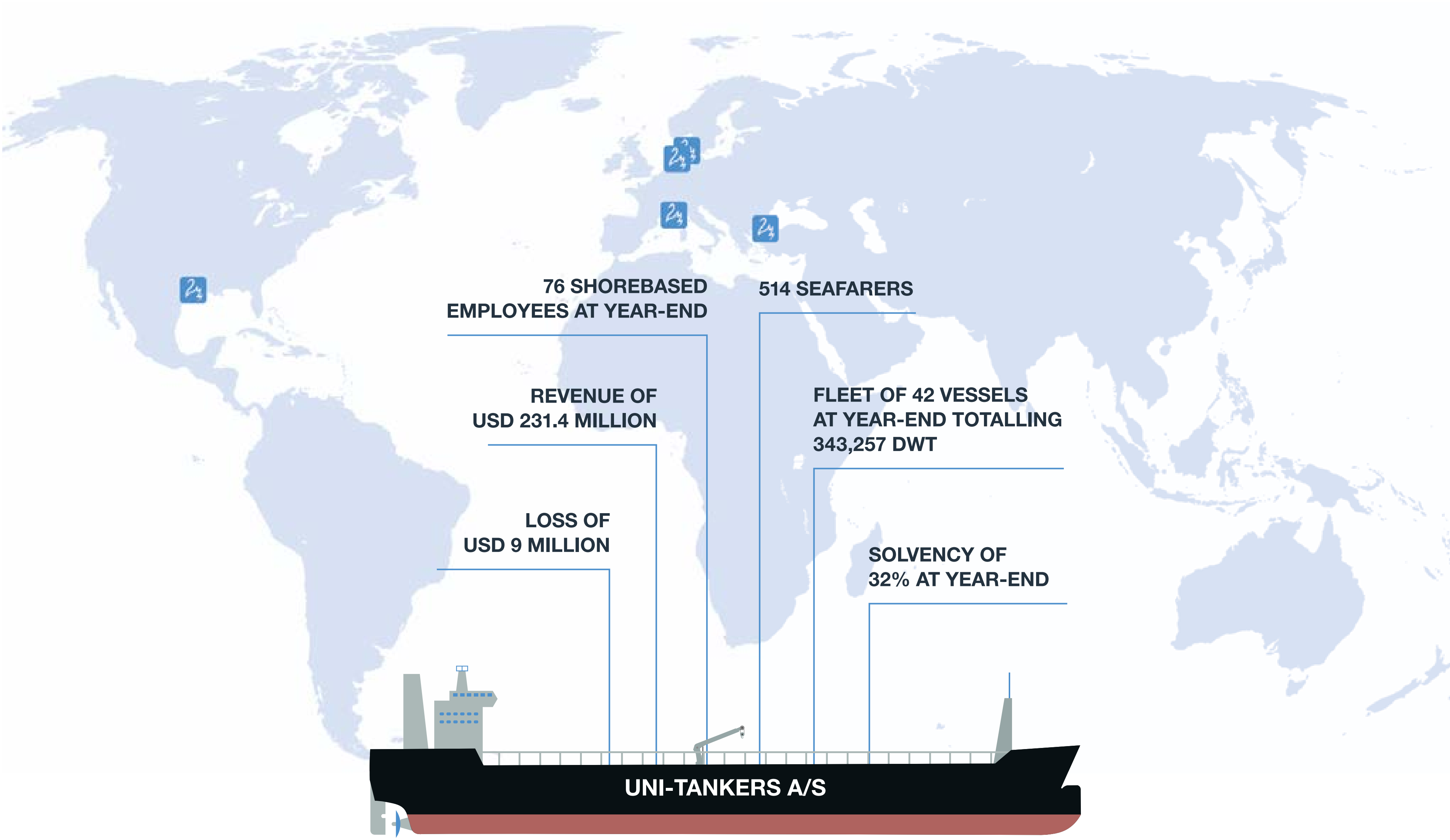
Financial year: 1 May 2016 – 30 April 2017

# UNI-TANKERS

## ANNUAL REPORT 2016/17

Turbinevej 10, 5500 Middelfart, Denmark · Telephone +45 88 61 88 61 · www.uni-tankers.com · Company reg. no. 12 56 07 96

# 2016/17 IN BRIEF



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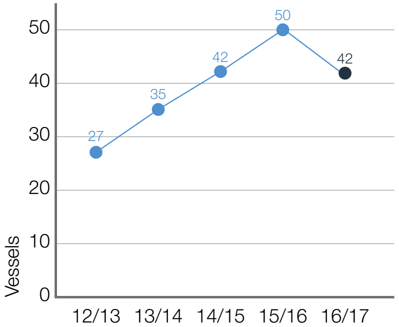
*Uni-Tankers is a tanker shipping company trading worldwide in the intermediate and small tanker segment, carrying all kinds of liquid cargo – from refined oil products over fertilisers, vegetable oils and chemicals. The parent company, Uni-Tankers A/S, was established in 1995 and has since then with pride served the oil majors and other global customers.*

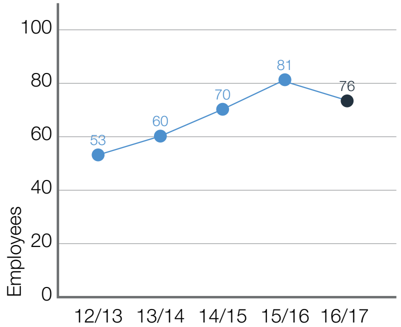
*Headquarters is domiciled in Middelfart, Denmark, and commercial activities are carried out under the Uni-Chartering brand, having local offices in Aalborg (Denmark), Nice (France), Istanbul (Turkey) and Houston (USA).*

*Uni-Tankers is controlled by the Middelfart based shipping conglomerate A/S United Shipping & Trading Company.*

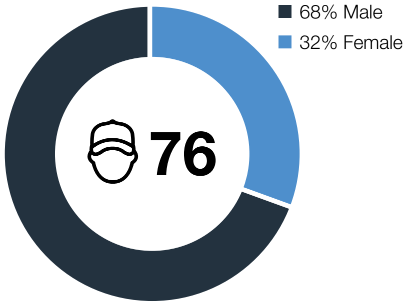
# KEY FIGURES AND FINANCIAL RATIOS



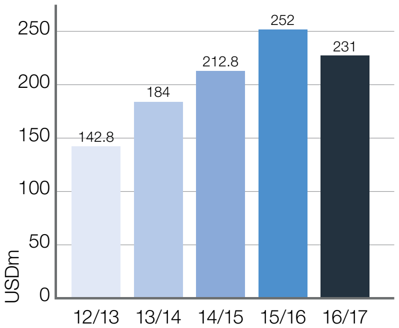

Fleet of owned and time chartered vessels



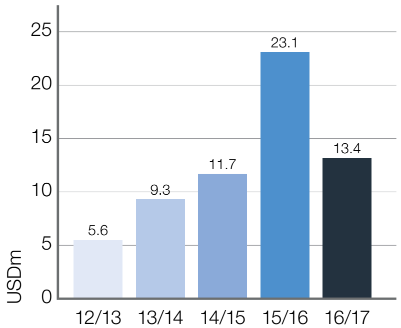

Shorebased employees



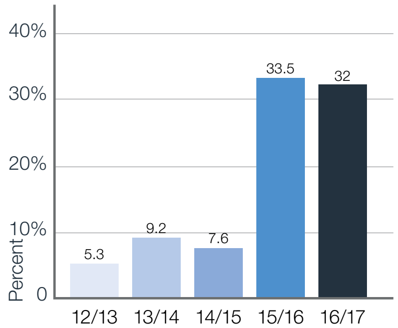

Shorebased employees
Gender split at year-end 2016/17




Revenue




Cash flow from operating activities




Solvency ratio %

| USD '000 | 2016/17 | 2015/16 | 2014/15 | 2013/14 | 2012/13 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| **Income statement** | | | | | |
| Revenue | 231,387 | 251,968 | 212,770 | 183,971 | 142,773 |
| Profit before financial income and expenses | (4,760) | 16,205 | 1,769 | 6,331 | (38,376) |
| Net financials | (5,544) | (5,726) | (7,387) | (5,719) | 1,789 |
| Profit before tax | (10,304) | 10,479 | (5,618) | 612 | (36,587) |
| Net profit for the year | (8,981) | 12,137 | (4,512) | 1,534 | (37,357) |
| **Balance sheet** | | | | | |
| Balance sheet total | 259,308 | 276,226 | 263,668 | 266,264 | 258,093 |
| Equity | 82,914 | 92,651 | 20,074 | 24,578 | 13,591 |
| **Cash flows** | | | | | |
| Cash flows from: | | | | | |
| - operating activities | 13,424 | 23,108 | 11,688 | 9,329 | 5,558 |
| - investing activities | (12,517) | (14,173) | (11,116) | (19,141) | (89,905) |
| hereof investment in property, plant and equipment and intangible assets | (12,537) | (14,191) | (11,135) | (33,072) | (89,955) |
| - financing activities | (8,000) | 949 | (900) | 4,978 | 78,773 |
| Change in cash and cash equivalents for the year | (7,093) | 9,883 | (328) | (4,834) | (5,574) |
| **Employees** | 595 | 592 | 567 | 569 | 472 |
| **Financial ratios** | | | | | |
| Gross margin | 27.5% | 33.3% | 30.0% | 37.3% | 31.7% |
| Profit margin | (2.1%) | 6.4% | 0.8% | 3.4% | (26.9%) |
| Return on equity | (10.2%) | 21.5% | (20.2%) | 8.0% | (129.5%) |
| Liquidity ratio | 1.56 | 1.88 | 1.08 | 1.41 | 1.70 |
| Solvency ratio | 32.0% | 33.5% | 7.6% | 9.2% | 5.3% |

*For definitions, see under accounting policies (page 43)*

**EXECUTIVE MANAGEMENT**

*From left:*
*Lars Pihl Fly, Chief Marine Officer (CMO)*
*Per Ekmann, Chief Commercial Officer (CCO)*
*Torben Andersen, Chief Executive Officer (CEO)*
*Jan Rindebæk, Chief Technical Officer (CTO)*
*Simon Jarl Jacobsen, Chief Financial Officer (CFO)*

# MANAGEMENT REVIEW

## HIGHLIGHTS IN 2016/17

After good activity and a decent result last year, the Group has seen strongly declining markets in 2016/17. The first few months continued with decent results, but since then it has been difficult to trade the vessels at profit making levels. Revenue declined approx. 8 percent and the net result for the year is a loss of USD 9 million. This result is disappointing, and below the expectations prior to the beginning of the year.

*We believe that size is of high importance in our business area. Though we foresee that the main growth will be organic and via increase of our chartered fleet, we will openly evaluate every possibility to take active part in the prospected consolidation that is generally expected among shipowners and other participants in our core markets.*

There remains to be overcapacity of tonnage in our segments, and especially in the larger segments, from which we have experienced higher competition than usual. Combined with political and geopolitical uncertainties, and a volatile oil price, this has put severe pressure on freight rates in all our core geographical markets. Though we have seen a slight increase in the number of idle ships in the ports we call over the world, activity has been rather firm – both in the spot market, and on contract activity, which has increased over the year.

The declining freight rates have caused lower Time Charter Equivalent (TCE) earnings than last year. As an attempt to partly offset this negative effect, an extensive cost cutting program has been high on the agenda for 2016/17. The cost cutting program both covers overheads and operation of the vessels, though it has been crucial to all initiatives that no savings would jeopardise the strict focus on safety and quality of our fleet. Nevertheless, the program has indicated extensive saving potentials, which for the main part, however, will not have effect until the financial year 2017/18.

Our activity measured in ship days has increased by 5.9 percent up to 15,720 ship days in 2016/17. During the last months of the financial year, however, the TC fleet has been restructured to adapt to the current market conditions by replacing non-profitable vessels with smaller vessels that better match the core fleet profile. Thus, at the end of the financial year, the fleet counts 42 vessels (50 vessels) – 17 owned and 25 time chartered vessels. The 42 vessels have a total capacity of 343,257 DWT (451,168 DWT), and the average age is 8.71 years (7.85 years), placing our fleet among the youngest in our core markets.

As a consequence of the net decrease in our fleet, and of the cost cutting programs, we have adapted the organisation to match the current situation, and decreased headcount of FTEs on shore from 81 at the beginning of the year to 76 by 30 April 2017.

During the financial year, the Group introduced a new strategy, which will be the guidance for the years to come. With the new strategy, five must-win battles and several strategic projects supporting these must-win battles have been introduced, and the new strategy has brought all vessels, offices, and departments closer together, clearly working as one unit and towards the same goal: to become the no. 1 oil and chemical tanker operator in our core markets.

We believe that size is of high importance in our business area. Though we foresee that the main growth will be organic and via increase of our chartered fleet, we will openly evaluate every possibility to take active part in the prospected consolidation that is generally expected among shipowners

and other participants in our core markets. While growth is high on the agenda, basics of the strategy are:

- Focus on core
- Closer to customers
- Operational excellence.

Focus on core is both a matter of focusing on the right vessels, and the core geographical markets. This strategic focus has lead us to a restructuring of our time chartered fleet during the second half of the financial year, and the fleet is now balanced according to our strategy, and to best fit our customers' needs.

Closer to customers is another strategic focus area for the Group to be able to meet and exceed our customers' needs today and tomorrow – and always be one step ahead. Several initiatives have been taken during the year to support this strategic focus. Among others, we have successfully carried out road shows to meet with our customers both from a commercial and a vetting point of view – and we have opened temporary "pop-up offices" in main shipping hubs around the world, to be close to our customers even where we do not currently have permanent offices. These initiatives have contributed to improving our commercial performance, substantiated in new time charters of two of our own vessels to oil majors. Besides, it has increased contract coverage both in terms of quantities and number of contracts and counterparts.

We are proud that our customers know us for our constant striving against top performance when it comes to safety, security, and reliability. Despite cost cuttings, we never compromise on quality or safety, and we will continue to be top-performing in order to meet up to the strictest demands of our primary customers, the major oil- and chemical companies.

Operational excellence is all about having our 590 dedicated employees on shore and on board our fleet of currently 42 vessels work as efficient as possible, always supported by optimal procedures and processes. Another key to operational excellence is efficient use of IT systems. We have taken full advantage of the voyage management system that we implemented last year (IMOS), and we have put a lot of

> *"Closer to customers is another strategic focus area for the Group to be able to meet and exceed our customers' needs today and tomorrow – and always be one step ahead.*

effort into optimising the processes and integration between business-critical applications and thus improved efficiency significantly. During the year, we have also implemented a new Data warehouse and Business Intelligence system, enabling us to faster and more data-driven decision making. This work will continue through the coming year, after which the Company is expected to be best-in-class when it comes to intelligent IT-solutions.

Success, however, does not come alone from trimmed procedures and an effective IT-platform – it takes good people. Therefore, another high focus area of the new strategy is development and training of our motivated and dedicated staff of employees. We pay great attention to being able to attract and retain the best employees – ashore as well as at sea. Among many other things, we participate in the worldwide "Great Place to Work" assessment program, in which we are proud to have been certified among Denmark's top companies within the category 50-499 employees. In this relation, we have taken many steps to creating world-class working conditions for our 76 shore based employees, and will continuously strive to maintain the position as one of Denmark's greatest places to work – with same conditions for our foreign offices. We also value our approx. 500 seafarers, and our dedicated Crewing department has put a lot of efforts into arranging officer's seminars for both our Senior Officers and Junior Officers. Moreover, we ensure that the vessels' conditions for seafarers are always high standard with regards to accommodation, food, internet access etc. Together with other Nordic shipowners we take part in running a Crewing Academy in the Philippines, and we also take pride in having our own cadet program for Danish seafarers currently counting 8 cadets – taking our part of the responsibility that Denmark also in the future will be a proud shipping nation.

> *"As a worldwide operator, the Group's results are highly affected by the general development in the global economy, and the outlook for global economy and world trade remains to be volatile and uncertain.*

## OUTLOOK FOR 2017/18

As a worldwide operator, the Group's results are highly affected by the general development in the global economy, and the outlook for global economy and world trade remains to be volatile and uncertain. The imbalance between demand and supply due to overcapacity of vessels in the Group's segments

further continue to bring a high degree of uncertainty to the expected forward-looking development – although in our core markets the imbalance seems to be decreasing, as only very few newbuilding orders are being placed with the yards. Also, the fluctuations of oil price and the EUR/USD development may continue to have high impact on the expected results.

> *“After having adapted both fleet and organisation to the current market conditions, the Group expects to further position itself as a leading operator of intermediate and small tanker vessels in the years to come.*

After having adapted both fleet and organisation to the current market conditions, the Group expects to further position itself as a leading operator of intermediate and small tanker vessels in the years to come. Based on the current market conditions and outlook expectations for next year, the result for 2017/18 is expected to improve compared to the result achieved in 2016/17.

## RISK MANAGEMENT

### Market risks

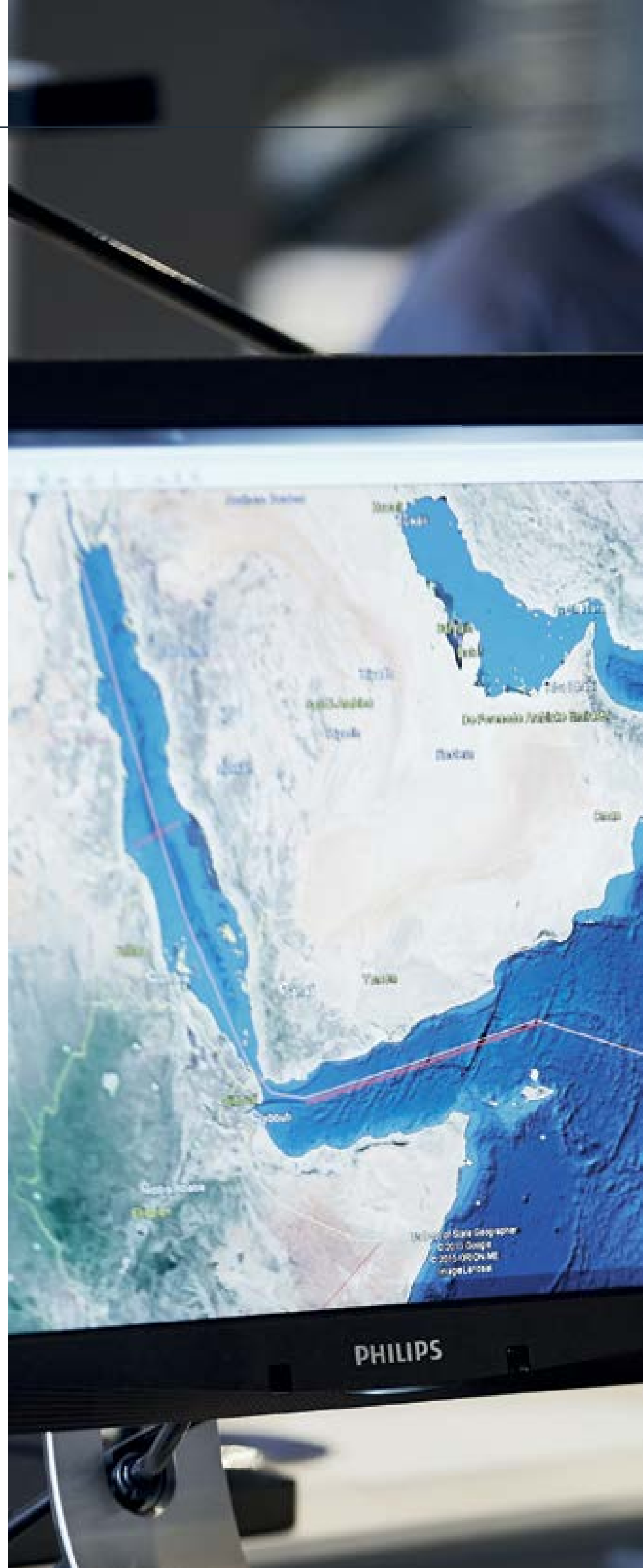
The Group is exposed to the commercial risks that follow from the general freight market fluctuations. Focus is on maintaining a healthy balance between spot market business and covered business, being by Contracts of Affreightment, time charters etc. Moreover, the commercial risk for the Group's vessels operated in a time charter equivalent (TCE) sharing pool, is considered reduced compared to operating the vessels in the spot market. The Group's fleet of 42 vessels consist of 40 percent own vessels and 60 percent time chartered vessels. As the time charter hire is fixed over the charter period, the Group is exposed to the commercial risk of a falling market, as well as other commercial risks. The Group's policy is to mitigate the risk by balancing between short term, medium term and long term charter hire periods.

### Foreign exchange risks

Having USD as its functional currency, the Group is affected by transactions taking place in EUR and DKK. The Group's policy is to hedge material foreign exchange exposures.

### Commodity risks

Next to time charter expenses, bunker fuel is the main cost element affecting Direct expenses, and thus the Group is heavily exposed to changes in oil prices.




The Group targets to mitigate the risk by passing bunker price increases on to customers. In the spot market, the freight level is to the extent possible adjusted to reflect the current bunker price level. When entering into Contracts of Affreightment with customers, the bunker price risk is either covered by including bunker price clauses indexing freight rates with current bunker price levels, or by hedging the exposure by use of financial derivatives.

**Counterparty risk**
The Group is not exposed to any material risks relating to individual, large customers or business partners. The Group's policy for assuming credit risks implies that all customers and business partners are subject to current credit rating.

It is the Group's policy to require payment before or upon cargo release, while only customers with high credit rating and with whom the Group has a long lasting good relationship, are accepted to pay after cargo release. The Group has not suffered any material losses from defaulting customers in 2016/17.

## STATUTORY STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY IN ACCORDANCE WITH SECTION 99A OF THE DANISH FINANCIAL STATEMENTS ACT

The Group's policies for corporate social responsibility are disclosed in the Financial Statements of the parent company A/S United Shipping & Trading Company for 2016/17.

## STATUTORY STATEMENT REGARDING THE UNDER-REPRESENTED GENDER IN ACCORDANCE WITH SECTION 99B OF THE DANISH FINANCIAL STATEMENTS ACT

**Targets for the under-represented gender on the Board of Directors**
Today the percentage of female members of the board elected by the shareholder's committee is 12.5%. Uni-Tankers A/S's target for female members of the Board of Directors is 10-20% in 2018 and 35% in 2020, and as such the current level satisfies the goal.

In an effort to maintain this position, Uni-Tankers A/S will ensure to have the under-represented gender on the list of candidates, however reserves the right to decide on the most qualified candidate regardless of gender.

**Policy for the under-represented gender at other management levels**
The policy of the Group is that the employees, irrespective of gender, must have equal career and management opportunities, and that the Group will have an open-minded and unprejudiced culture in which the individual employee can make the best possible use of his or her skills irrespective of gender. The Group's internal management training is open to anyone with the right skills, regardless of gender.

# BOARD OF DIRECTORS

**Torben Østergaard-Nielsen**
*Chairman*

Born in 1954.
CEO since 1991 and Chairman since 2014.
CEO, founder and owner of the USTC Group (A/S United W & Trading Company).

**Special competences**
Extensive background and global experience within the shipping industry.

**Other directorships**
Chairman and member of the boards in most USTC Group companies. Member of the boards in FAYARD Holding A/S, Fiberline Composites A/S, H.J. Hansen Holding A/S, Gottfred Petersen Holding A/S and Selected Car Leasing A/S. Chairman of the board in Middelfart Bycenter A/S.

**Other**
German Honorary Consul since 1988, member of Corps Consulaire since 1988. Member of Nykredit Regionsråd and member of Danske Bank Erhvervsråd.

**Klaus Nyborg**
*Vice Chairman*

Born in 1963.
Board member since 2012 and Vice Chairman since 2014. Professional board member and investor.

**Special competences**
Global experience with management of listed shipping companies incl. CEO of Pacific Basin Shipping, Hong Kong. Strategic and financial expertise as well as in-depth knowledge of risk management.

**Other directorships**
Chairman of the boards in A/S United Shipping & Trading Company, Norden A/S and Bawat A/S. Vice Chairman of the board in Bunker Holding A/S. Member of the boards in Odfjell SE, Karen og Poul F. Hansens Familiefond, DFDS A/S and X-Press Feeders Ltd.

**Education**
Msc in Business & Law, Copenhagen Business School supplemented with management courses at London Business School and IMD.

**Michael Keldsen**
*Board member*

Born in 1950.
Board member since 1991. Chairman of the board from 2005-2014. Of Counsel, Kromann Reumert Law firm, former partner.

**Special competences**
In-depth knowledge and experience within corporate and foundation/trust law as well as mergers and acquisitions and shipbuilding contracts.

**Other directorships**
Member of the boards in A/S United Shipping & Trading Company, Bunker Holding A/S, Shipping Holding A/S, Iron Pump A/S, Nemco Machinery A/S, Autronica Fire & Security A/S, Stanley Nordic Aps, GW Sprinkler A/S and Better CPH A/S.

**Education**
LL.M. (Master of Law).

**Torben Janholt**
*Board member*

Born in 1946.
Board member since 2006.
Professional board member.

**Special competences**
Extensive background and global experience within the shipping industry, primarily through his 28 years with J. Lauritzen A/S, the last 14 years as CEO, and as chairman of the Danish Shipowners' Association from 2005-2009.

**Other directorships**
Chairman of the board in Otto Suenson A/S. Member of the boards in A/S United Shipping & Trading Company, Bunker Holding A/S, Torm A/S and Pioneer Marine Pty.

**Education**
Bachelor of Commerce supplemented with executive management training at IMD and IESE.

**Peter Frederiksen**
*Board member*

Born in 1963.
Board member since 2012.
Member of the Executive Board of Hamburg Süd (Sales & Marketing).

**Special competences**
Extensive experience within the shipping industry from leading global positions in liner shipping at A.P. Møller Mærsk for more than 25 years and Hamburg Süd for 9 years. Broad management and strategy skills as well as financial experience.

**Other directorships**
Chairman of the boards in Sund & Bælt Holding A/S, A/S Storebælt, A/S Øresund, Femern A/S and A/S Femern Landanlæg.
Vice Chairman of Øresundsbro Konsortiet I/S.
Member of the boards in A/S United Shipping & Trading Company and Bunker Holding A/S.

**Education**
Shipping education at A.P. Møller Mærsk supplemented with management training at INSEAD and Cornell University.

**Nina Østergaard Borris**
*Board member*

Born in 1983.
Board member since 2014.
Executive Assistant Bunker Holding A/S.

**Special competences**
Company evaluations, mergers and acquisitions, financial due diligence business restructuring, reorganization, turnarounds.

**Education**
Master degree in applied economics and finance (Cand.merc. AEF)

**Peter Korsholm**
*Board member*

Born in 1971.
Board member since 2014.
Professional board member and investor.

**Special competences**
Extensive experience from private equity and developing international companies, as well as mergers & acquisitions, financing and management of financial risks.

**Other directorships**
Chairman of the boards in Lomax A/S, GDL Transport AB, DSVM Renovation A/S and Nymølle Stenindustrier A/S. Member of the boards in A/S United Shipping & Trading Company, Bunker Holding A/S, RebelPenguin ApS, DSV Miljø Holding A/S and certain subsidiaries. Bones Restauranter A/S and Dong Energy A/S.

**Education**
MBA from INSEAD, MSc from London School of Economics. BA from University of Copenhagen.

**Morten H. Buchgreitz**
*Board member*

Born in 1967.
Board member since 2014.
Member of the Group Executive Management of DONG Energy A/S (Distribution and Customer Solutions).

**Special competences**
Extensive and in-depth knowledge and experience with economics and finance, including credit and risk management.

**Other directorships**
Chairman and member of the boards in several DONG Energy Group companies. Member of the boards in A/S United Shipping & Trading Company and Bunker Holding A/S.

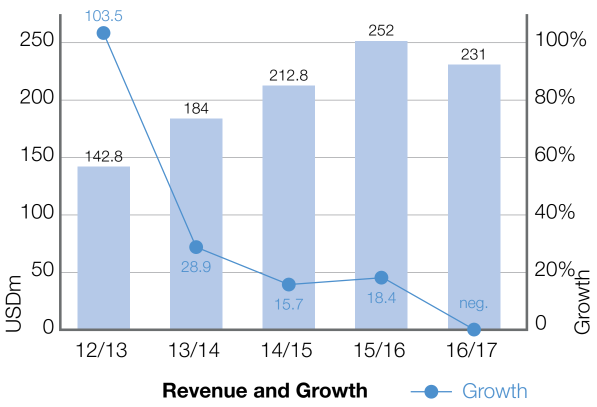
**Education**
MSc in Business Administration and Computer Science.

# FINANCIALS

## FINANCIAL REVIEW

### Operating activities

Revenue decreased to USD 231.4 million (USD 252 million), despite the increase in ship days of 5.9 percent, predominantly due to falling freight rates since September 2016, driven by increased competition in all our core markets.

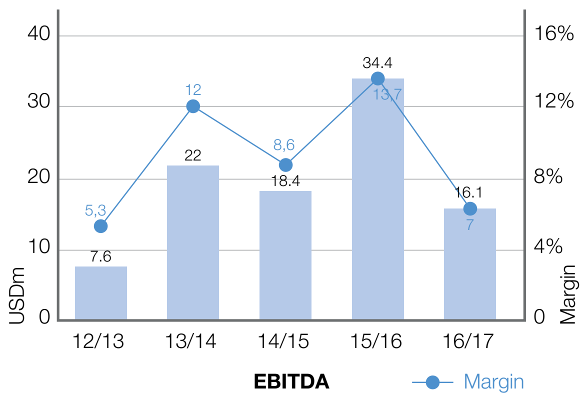



Direct expenses were largely unchanged at USD 167.8 (USD 168.2 million). Direct expenses consist of bunkers, port expenses and other voyage expenses, and hire payments for time chartered vessels.

Staff and other external expenses decreased to USD 47.5 million (USD 49.4 million) due to cost cuttings.

EBITDA was more than halved down to USD 16.1 million (USD 34.4 million), as the decline in revenue was not offset by lower expenses.

Depreciation and amortisation increased to USD 20.9 million (USD 18.2 million), mainly due to higher depreciation costs on vessels' dockings.




Net financial expenses amounted to USD 5.5 million (USD 5.7 million), primarily due to lower interest expenses on vessel loans offset by higher exchange rate adjustment expenses.

Net result after tax for 2016/17 was a loss of USD 9.0 million (profit of USD 12.1 million).

### Balance sheet and capital position

At 30 April 2017, total assets amounted to USD 259.3 million (USD 276.2 million).

*Vessels*

Book value of vessels and equipment decreased to USD 210.5 million (USD 217.8 million) due to depreciations exceeding capital expenditure for dockings. Seven of the Group's owned vessels have been dry-docked for repair works and statutory surveys, amounting in total investments of USD 12.4 million (USD 13.4 million), while ordinary depreciation amounted to USD 19.7 million (USD 17.1 million).

Brokers' vessel valuations have decreased slightly during the year, and remain to reflect a lower net selling price of the fleet than book value. In management's opinion, such valuations do not give a true and fair view in a long-term perspective as the market for trade with vessels such as those owned by the Group remains to be not very active. In accordance with the accounting policies applied, an impairment test has been made by comparing the broker valuations with the calculated value in use based on continued operation of the Group's fleet stated as the net present value of future estimated net freight income.

The value in use of vessels is heavily affected by the development in freight rates, which is still subject to material uncertainty. Deviations in freight rates according to the managements' estimates will thus affect the value in use in either positive or negative direction.

Management have made their best estimate over development in freight rates etc., and consider the assumptions reasonable.

The impairment test has not resulted in need for write downs on the Group's fleet.

*Equity*

At 30 April 2017, equity was USD 82.9 million (USD 92.7 million), decreased only by loss for the year of USD 9 million, exchange rate adjustments of USD 0.1 million, and adjustment of hedging instruments of USD 0.7 million. The solvency rate at 30 April 2017 is 32.0 percent (33.5 percent).

*Debt to credit institutions*

Total debt to credit institutions decreased to USD 155.2 million (USD 162.9 million) following ordinary loan prepayments.

## CASH FLOW AND FINANCIAL RESOURCES

The Group's cash flow from operating activities decreased to USD 13.4 million (USD 23.1 million) reflecting the lower EBITDA offset by a positive change in working capital of USD 2.5 million (negative USD 5.9 million).

Investing activities affected cash flows negatively by USD 12.5 million (USD 14.2 million), primarily comprising docking expenses and other investments in vessels.

Financing activities has a negative cash effect of USD 8 million (positive USD 0.9 million).

Cash and cash equivalents decreased by USD 7.1 million in 2016/17 to USD 13.3 million (USD 20.4 million).

The financing agreement with Danske Bank is effective until end of April 2021, and management considers the current capital resources and liquidity adequate for the continued operations and further development of the Group.


24.05.2012

## INCOME STATEMENT 1 MAY - 30 APRIL

| USD '000 | Note | Group 2016/17 | Group 2015/16 | Parent Company 2016/17 | Parent Company 2015/16 |
|---|---|---|---|---|---|
| **Revenue** | 1 | **231,387** | **251,968** | **27,004** | **26,469** |
| Direct expenses | | 167,750 | 168,154 | 0 | 0 |
| **Gross profit** | | **63,637** | **83,814** | **27,004** | **26,469** |
| Staff expenses | 2 | 28,686 | 31,368 | 23,695 | 24,164 |
| Other external expenses | | 18,816 | 18,011 | 3,081 | 2,498 |
| **Profit/loss before depreciation, etc. (EBITDA)** | | **16,135** | **34,435** | **228** | **(193)** |
| Depreciation and amortisation | 7+8 | 20,895 | 18,230 | 508 | 400 |
| **Profit/loss before financial income and expenses** | | **(4,760)** | **16,205** | **(280)** | **(593)** |
| Result in subsidiaries | | - | - | (10,055) | 12,690 |
| Financial income | 3 | 47 | 340 | 1,853 | 536 |
| Financial expenses | 4 | 5,591 | 6,066 | 60 | 419 |
| **Profit/loss before tax** | | **(10,304)** | **10,479** | **(8,542)** | **12,214** |
| Corporation tax | 5 | (1,323) | (1,658) | 439 | 77 |
| **Net profit/loss for the year** | | **(8,981)** | **12,137** | **(8,981)** | **12,137** |
| Distribution of profit/loss | 6 | | | | |

## BALANCE SHEET AT 30 APRIL

### Assets

| USD '000 | Note | Group 2017 | Group 2016 | Parent Company 2017 | Parent Company 2016 |
|---|---|---|---|---|---|
| Goodwill | | 2,747 | 3,336 | - | - |
| Software | | 811 | 1,104 | 793 | 1,077 |
| **Intangible assets** | 7 | **3,558** | **4,440** | **793** | **1,077** |
| Vessels and equipment | | 210,527 | 217,846 | 0 | 0 |
| Fixtures and fittings, tools and equipment | | 244 | 428 | 97 | 211 |
| Leasehold improvements | | 32 | 51 | 12 | 17 |
| Prepayments | | 57 | 57 | 57 | 57 |
| **Property, plant and equipment** | 8 | **210,860** | **218,382** | **166** | **285** |
| Investments in subsidiaries | | - | - | 15,745 | 57,656 |
| **Fixed asset investments** | 9 | **0** | **0** | **15,745** | **57,656** |
| **Fixed assets** | | **214,418** | **222,822** | **16,704** | **59,018** |
| Inventory of fuel and lube oil | | 3,680 | 2,916 | 0 | 0 |
| **Inventories** | | **3,680** | **2,916** | **0** | **0** |
| Trade receivables | | 11,352 | 13,150 | 0 | 0 |
| Receivables from group enterprises | | 890 | 101 | 65,042 | 35,957 |
| Other receivables | | 1,629 | 2,562 | 720 | 702 |
| Corporation tax | 10 | 6,017 | 4,873 | 0 | 0 |
| Prepayments | | 7,979 | 9,366 | 826 | 117 |
| **Receivables** | | **27,867** | **30,052** | **66,588** | **36,776** |
| **Cash and cash equivalents** | | **13,343** | **20,436** | **5,795** | **10,143** |
| **Current assets** | | **44,890** | **53,404** | **72,383** | **46,919** |
| **Total assets** | | **259,308** | **276,226** | **89,087** | **105,937** |

## BALANCE SHEET AT 30 APRIL

### Equity and liabilities

| | | Group | | Parent Company | |
|---|---|---|---|---|---|
| USD '000 | Note | 2017 | 2016 | 2017 | 2016 |
| Share capital | | 10,990 | 10,990 | 10,990 | 10,990 |
| Retained earnings | | 71,924 | 81,661 | 71,924 | 81,661 |
| **Equity** | | **82,914** | **92,651** | **82,914** | **92,651** |
| Pension obligations | | 27 | 26 | 0 | 0 |
| **Provisions** | | **27** | **26** | **0** | **0** |
| Credit institutions | 11 | 147,509 | 155,165 | 0 | 0 |
| **Long-term liabilities** | | **147,509** | **155,165** | **0** | **0** |
| Credit institutions | 11 | 7,687 | 7,701 | 0 | 0 |
| Trade payables | | 12,402 | 12,142 | 994 | 555 |
| Payables to group enterprises | | 2,730 | 1,757 | 1,904 | 10,737 |
| Corporation tax | | 4 | 3 | 588 | 154 |
| Other payables | | 4,057 | 5,095 | 2,687 | 1,840 |
| Deferred income | | 1,978 | 1,686 | 0 | 0 |
| **Short-term liabilities** | | **28,858** | **28,384** | **6,173** | **13,286** |
| **Liabilities** | | **176,367** | **183,549** | **6,173** | **13,286** |
| **Total equity and liabilities** | | **259,308** | **276,226** | **89,087** | **105,937** |
| Deferred tax | 12 | | | | |
| Derivative financial instruments | 13 | | | | |
| Security and contractual obligations | 14 | | | | |
| Transactions with related parties | 15 | | | | |
| Fee to auditors appointed at the general meeting | 16 | | | | |
| Subsequent Events | 17 | | | | |


LESSOW SWAN

## STATEMENT OF CHANGES IN EQUITY

| 2016/17 | Group | | | Parent Company | | |
|---|---|---|---|---|---|---|
| USD '000 | Share capital | Retained earnings | Total | Share capital | Retained earnings | Total |
| Equity at 1 May | 10,990 | 81,661 | 92,651 | 10,990 | 81,661 | 92,651 |
| Exchange rate adjustments | 0 | (57) | (57) | 0 | (57) | (57) |
| Fair value adjustment of hedging instruments | 0 | (699) | (699) | 0 | (699) | (699) |
| Net loss for the year | 0 | (8,981) | (8,981) | 0 | (8,981) | (8,981) |
| **Equity at 30 April** | **10,990** | **71,924** | **82,914** | **10,990** | **71,924** | **82,914** |

| 2015/16 | Group | | | Parent Company | | | |
|---|---|---|---|---|---|---|---|
| USD '000 | Share capital | Retained earnings | Total | Share capital | Share premium account | Retained earnings | Total |
| Equity at 1 May | 5,993 | 14,081 | 20,074 | 5,993 | 0 | 8,435 | 14,428 |
| Change in accounting policies | 0 | 0 | 0 | 0 | 0 | 5,646 | 5,646 |
| **Adjusted equity at 1 May** | **5,993** | **14,081** | **20,074** | **5,993** | **0** | **14,081** | **20,074** |
| Conversion of debt | 4,997 | 25,003 | 30,000 | 4,997 | 25,003 | 0 | 30,000 |
| Capital increase | 0 | 30,000 | 30,000 | 0 | 30,000 | 0 | 30,000 |
| Transfer from share premium account | 0 | 0 | 0 | 0 | (55,003) | 55,003 | 0 |
| Exchange rate adjustments | 0 | (17) | (17) | 0 | 0 | (17) | (17) |
| Fair value adjustment of hedging instruments | 0 | 457 | 457 | 0 | 0 | 457 | 457 |
| Net profit for the year | 0 | 12,137 | 12,137 | 0 | 0 | 12,137 | 12,137 |
| **Equity at 30 April** | **10,990** | **81,661** | **92,651** | **10,990** | **0** | **81,661** | **92,651** |

# CASH FLOW STATEMENT
## 1 MAY - 30 APRIL

**Group**

| USD '000 | 2016/17 | 2015/16 |
|---|---|---|
| Profit/loss for the year before tax | (10,304) | 10,479 |
| Reversal of depreciation, amortisation, profit from sale of assets, and exchange rate adjustments for the year | 20,866 | 18,213 |
| Amortisation of loan costs | 328 | 347 |
| Changes in inventories | (764) | 1,194 |
| Changes in receivables | 3,517 | (5,881) |
| Changes in trade payables and other debt, etc | (212) | (1,242) |
| Pension obligations | 1 | 8 |
| **Cash flow from ordinary activities** | **13,432** | **23,118** |
| Corporation tax paid | (8) | (10) |
| **Cash flow from operating activities** | **13,424** | **23,108** |
| Purchase of property, plant and equipment | (12,390) | (13,548) |
| Sale of property, plant and equipment | 20 | 18 |
| Purchase of intangible assets | (147) | (643) |
| **Cash flow from investing activities** | **(12,517)** | **(14,173)** |
| Capital increase | 0 | 30,000 |
| Repayment/raising of loans from credit institutions (net) | (8,000) | (29,051) |
| **Cash flow from financing activities** | **(8,000)** | **949** |
| **Changes in cash and cash equivalents** | **(7,093)** | **9,883** |
| Cash and cash equivalents at 1 May | 20,436 | 10,553 |
| **Cash and cash equivalents at 30 April** | **13,343** | **20,436** |


SELANDIA SWAN

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Segment information

The Group's activities are considered one segment.

### 2. Staff expenses

| USD '000 | Group 2016/17 | Group 2015/16 | Parent Company 2016/17 | Parent Company 2015/16 |
|---|---|---|---|---|
| Rented crew | 11,063 | 11,597 | 11,063 | 11,597 |
| Wages and salaries | 9,903 | 12,399 | 5,935 | 5,814 |
| Pensions | 770 | 460 | 542 | 246 |
| Social security expenses | 637 | 516 | 264 | 243 |
| Other staff expenses | 6,313 | 6,396 | 5,891 | 6,264 |
| | **28,686** | **31,368** | **23,695** | **24,164** |
| Average number of employees<br>The figures include rented crew on vessels. | 595 | 592 | 555 | 554 |
| Salaries and remuneration to the Executives and Board of Directors | 439 | - | 360 | - |

Staff expences include the salaries of crew in the Parent Company's subsidiaries. These expences are reinvoiced to the ship owning companies and recognised as revenue.

With reference to the Danish Financial Statements Act section 98 B paragraph 3 comparative numbers for the remuneration of Directors is not disclosed.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Financial income

| USD '000 | Group 2016/17 | Group 2015/16 | Parent Company 2016/17 | Parent Company 2015/16 |
|---|---|---|---|---|
| Intercompany interest income | 0 | 0 | 1,849 | 536 |
| Exchange rate adjustments | 23 | 326 | 0 | 0 |
| Other financial income | 24 | 14 | 4 | 0 |
| | **47** | **340** | **1,853** | **536** |

## 4. Financial expenses

| USD '000 | Group 2016/17 | Group 2015/16 | Parent Company 2016/17 | Parent Company 2015/16 |
|---|---|---|---|---|
| Intercompany interest expenses | 0 | 0 | 40 | 278 |
| Exchange rate adjustments | 660 | 87 | 17 | 53 |
| Other financial expenses | 4,931 | 5,979 | 3 | 88 |
| | **5,591** | **6,066** | **60** | **419** |

## 5. Corporation tax

| USD '000 | Group 2016/17 | Group 2015/16 | Parent Company 2016/17 | Parent Company 2015/16 |
|---|---|---|---|---|
| Current tax for the year | (1,323) | (1,404) | 439 | 76 |
| Adjustment of current tax re. previous years | 0 | (3,441) | 0 | 1 |
| Adjustment of deferred tax re. previous years | 0 | 3,187 | 0 | 0 |
| | **(1,323)** | **(1,658)** | **439** | **77** |

## 6. Distribution of profit/loss

| USD '000 | Group 2016/17 | Group 2015/16 | Parent Company 2016/17 | Parent Company 2015/16 |
|---|---|---|---|---|
| Proposed distribution of profit/loss: | | | | |
| Retained earnings | (8,981) | 12,137 | (8,981) | 12,137 |
| | **(8,981)** | **12,137** | **(8,981)** | **12,137** |

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Intangible assets

| USD '000 | Goodwill | Software |
|---|---|---|
| ***Group*** | | |
| Cost at 1 May | 5,887 | 1,669 |
| Exchange rate adjustments | 0 | (8) |
| Additions for the year | 0 | 147 |
| **Cost at 30 April** | **5,887** | **1,808** |
| Depreciation and amortisation at 1 May | 2,551 | 565 |
| Exchange rate adjustments | 0 | (4) |
| Depreciation and amortisation for the year | 589 | 436 |
| **Depreciation and amortisation at 30 April** | **3,140** | **997** |
| **Carrying amount at 30 April** | **2,747** | **811** |
| ***Parent Company*** | | |
| Cost at 1 May | - | 1,585 |
| Additions for the year | - | 126 |
| **Cost at 30 April** | **-** | **1,711** |
| Depreciation at 1 May | - | 508 |
| Depreciation for the year | - | 410 |
| **Depreciation at 30 April** | **-** | **918** |
| **Carrying amount at 30 April** | **-** | **793** |

# NOTES TO THE FINANCIAL STATEMENTS

## 8. Property, plant and equipment

| USD '000 | Vessels and equipment | Fixtures and fittings, tools and equipment | Leasehold improvements | Prepayments |
|---|---|---|---|---|
| ***Group*** | | | | |
| Cost at 1 May | 300,662 | 1,169 | 160 | 57 |
| Exchange rate adjustments | 0 | (7) | (13) | 0 |
| Additions for the year | 12,373 | 16 | 1 | 0 |
| Disposals for the year | 9,044 | 20 | 0 | 0 |
| **Cost at 30 April** | **303,991** | **1,158** | **148** | **57** |
| Depreciation at 1 May | 82,816 | 741 | 109 | 0 |
| Exchange rate adjustments | 0 | 10 | (6) | 0 |
| Depreciation for the year | 19,692 | 163 | 13 | 0 |
| Reversed depreciation on disposals for the year | 9,044 | 0 | 0 | 0 |
| **Depreciation at 30 April** | **93,464** | **914** | **116** | **0** |
| **Carrying amount at 30 April** | **210,527** | **244** | **32** | **57** |
| ***Parent Company*** | | | | |
| Cost at 1 May | 0 | 615 | 89 | 57 |
| Additions for the year | 0 | 0 | 0 | 0 |
| Disposals for the year | 0 | (20) | 0 | 0 |
| **Cost at 30 April** | **0** | **595** | **89** | **57** |
| Depreciation at 1 May | 0 | 404 | 72 | 0 |
| Depreciation for the year | 0 | 94 | 5 | 0 |
| **Depreciation at 30 April** | **0** | **498** | **77** | **0** |
| **Carrying amount at 30 April** | **0** | **97** | **12** | **57** |

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Fixed asset investments

| USD '000 | Investments in subsidiaries |
|---|---|
| ***Parent Company*** | |
| Cost at 1 May | 90,277 |
| Additions for the year | 3,400 |
| **Cost at 30 April** | **93,677** |
| | |
| Value adjustments 1 May | (32,621) |
| Exchange rate adjustments | (57) |
| Net loss for the year | (9,466) |
| Dividend to the Parent Company | (34,500) |
| Fair value adjustment of hedging instruments for the year | (699) |
| Amortisation of goodwill | (589) |
| **Value adjustments 30 April** | **(77,932)** |
| | |
| **Carrying amount at 30 April** | **15,745** |
| | |
| Remaining positive difference included in the above carrying amount | 2,747 |

Investments in subsidiaries are specified as follows:

| Name | Place of reg. office | Ownership share |
|---|---|---|
| Uni-Chartering A/S | Middelfart | 100% |
| Uni-Chartering (Gibraltar) Ltd. | Gibraltar | 100% |
| Uni-Chartering France EURL | Nice | 100% |
| Uni-Tankers m/t "Jutlandia Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Selandia Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Fionia Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Erria Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Mona Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Tasing Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Boringia Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Anhout Swan" ApS | Middelfart | 100% |

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Fixed asset investments (continued)

| Name | Place of reg. office | Ownership share |
|---|---|---|
| Uni-Tankers m/t “Lessow Swan” ApS | Middelfart | 100% |
| Uni-Tankers m/t “Falstria Swan” ApS | Middelfart | 100% |
| Uni-Tankers m/t "Amak Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Alsia Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Samus Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Feo Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Lillo Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Fenno Swan" ApS | Middelfart | 100% |
| Uni-Tankers m/t "Endelo Swan" ApS | Middelfart | 100% |

### 10. Corporation tax

| USD ‘000 | 2016/17 | 2015/16 |
|---|---|---|
| ***Group*** | | |
| Corporate tax, current year | 1,144 | 4,873 |
| Corporate tax, joint taxation prior years | 4,873 | 0 |
| | **6,017** | **4,873** |

### 11. Credit institutions

Long-term part of installments falling due within 1 year are recognised as short-term liabilities in the balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Deferred tax

Tax on transitional balance and equalisation balance relating to vessels amounts to USD 3,104k.

### 13. Derivative financial instruments

The Group has entered into forward contracts to ensure future purchase of bunkers for servicing fixed freight contracts. In relation to trading prices at the balance date, the contracts have a negative fair value of USD 241k. Capital losses are recognized in equity. The contracts have a maturity of 2-27 months.

### 14. Security and contractual obligations

***Group***

**Rental and lease obligations**
The Group has concluded contracts with the following obligations:

- Tenancy contracts with external parties with a total obligation of USD 22k
- Tenancy contracts with group enterprises with a total obligation of USD 1,390k
- Operating leases with a total obligation of USD 610k
- Time charter contracts with a total obligation of USD 42,468k.

| USD '000 | Within 1 year | Between 1 and 5 years | After 5 years |
|---|---|---|---|
| Tenancy contracts with external parties | 22 | 0 | 0 |
| Tenancy contracts with group enterprises | 257 | 1,133 | 0 |
| Operating leases | 407 | 203 | 0 |
| Time charter contracts | 42,468 | 0 | 0 |
| | **43,154** | **1,336** | **0** |

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Security and contractual obligations (continued)

**Security**
The Group has provided security in vessels and equipment for debt to credit institutions of USD 156,450k.
At the balance sheet date, the carrying amount of the assets provided as security was USD 210,527k.

**Other obligations**
The Danish group enterprises are jointly and severally liable for tax on the consolidated jointly taxed income etc. The total corporation tax payable is shown in the Annual Report of Selfinvest ApS, which is the management company of the joint taxation. The Danish group enterprises are moreover jointly and severally liable for Danish withholding taxes. Any subsequent adjustments of corporation tax and withholding taxes may imply that the Company is liable for a higher amount.

***Parent Company***

**Rental and lease obligations**
The Company has concluded operating leases with a total obligation of USD 244k and tenancy contracts with group enterprises with a total obligation of USD 1,174k.

| USD '000 | Within 1 year | Between 1 and 5 years | After 5 years |
|---|---|---|---|
| Tenancy contracts with group enterprises | 193 | 981 | 0 |
| Operating leases | 157 | 87 | 0 |
| | **350** | **1,068** | **0** |

**Security**
The Company has issued a joint and several guarantee of USD 156,450k in respect of the obligations of group enterprises toward credit institutions. At the balance sheet date, the obligations of group enterprises amounted to USD 156,450k.

Investments in subsidiaries have been provided as security for loans from credit institutions. At the balance sheet date, the carrying amount of the assets provided as security was USD 15,745k.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Transactions with related parties

Related parties comprise the Board of Directors, the Executive Management and senior executives in the group enterprises as well as companies in which these persons have significant interests.

With reference to section 98 C (7) of the Danish Financial Statements Act related party transactions details are not disclosed.

The Company is included in the Consolidated Financial Statements of the immediate Parent Company, A/S United Shipping & Trading Company.

Controlling interest is exercised through the Company's immediate Parent Company, A/S United Shipping & Trading Company. The Company's ultimate Parent Company which prepares Consolidated Financial Statements is Selfinvest ApS, in which Torben Østergaard-Nielsen, CEO, exercises control.

### 16. Fee to auditors appointed at the general meeting

| USD '000 | 2016/17 | 2015/16 |
|---|---|---|
| ***Group*** | | |
| **PricewaterhouseCoopers** | | |
| Fee for statutory audit | 80 | 74 |
| Assurance assignments | 0 | 0 |
| Tax services | 17 | 9 |
| Non-audit services | 138 | 346 |
| | **225** | **429** |
| **MooreStephens** | | |
| Fee for statutory audit | 4 | 6 |
| Non-audit services | 15 | 15 |
| | **19** | **21** |

### 17. Subsequent events

No signficant events affecting the assessment of the Annual Report have occured after the balance sheet date.

## ACCOUNTING POLICIES AND DEFINITIONS

### Basis of Preparation

The Annual Report of Uni-Tankers A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from previous years.

The Annual Report for 2016/17 is presented in USD thousands. At 30 April 2017 the year-end exchange rate for USD/DKK was 6.81. The comparative figures are translated at the historical year-end exchange rate which as of 30 April 2016 was 6.53.

### Recognition and measurement

The Financial Statements have been prepared based on the historic cost principle.

Revenues are recognised in the income statement as earned, and all expenses incurred to achieve the earnings for the year are deducted. Expenses include operating expenses, depreciation, amortisation, impairment losses and provisions as well as changes due to changed accounting estimates. Furthermore, value adjustments of financial assets and liabilities measured at fair value are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Group, 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 Group, 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.

Recognition and measurement take into account profits, losses and risks occurring before the presentation of the Annual Report which relate to affairs and conditions existing at the balance sheet date.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

USD is used as the measurement currency. All other currencies are regarded as foreign currencies.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Uni-Tankers A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or otherwise exercises control.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

Newly acquired or newly established enterprises are included in the Consolidated Financial Statements from the time of acquisition. The difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after fair value adjustment of the individual assets and liabilities (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Positive differences (goodwill) are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life; however, not exceeding 20 years.

Changes in the purchase price after takeover result in adjustment of the acquisition value of goodwill. Moreover, goodwill is adjusted where, at the time of takeover, the fair value of the net assets taken over turns out to differ from the value previously assumed. Goodwill is adjusted until the end of the financial year following the year of acquisition.

### Leases

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

determined for the other fixed assets of the Group. The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments relating to operating leases are recognised in the income statement on a straight line basis over the lease period.

### Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Gains and losses 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.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the paragraph “Hedge accounting”.

Upon recognition of financial statements of foreign group enterprises and associates, income statement items are translated into Danish kroner at average exchange rates and balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on this translation are recognised directly in equity.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are recognised in “Other receivables” and “Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

### Hedge accounting

*Fair value hedges*

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability.

*Hedges of future assets or liabilities*

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised directly in retained earnings under equity. If the hedged transaction results in an asset or a liability, the amount is transferred from equity to the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

## Income Statement

*Revenue*

Revenue is recognised in the income statement when the sale has been completed. This is considered the case when:

» delivery has been made before year end;
» a binding sales agreement has been made;
» the sales price has been determined;
» payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and duties.

Revenue includes income from shipowning activities, which is cut off and recognised over the duration of the voyages.

*Direct expenses*

Direct expenses include bunkers and other voyage expenses, as well as charter hire expenses.

*Other income/other expenses*

Other income/other expenses includes profit/loss from sales of assets.

*Other external expenses*

Other external expenses include expenses for the repair and maintenance of vessels as well as office expenses etc.

*Staff expenses*

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

*Income from investments in subsidiaries*

The item "Income from investments in subsidiaries" in the income statement of the Parent Company includes the proportionate share of net profit for the year less goodwill amortisation.

*Financial income and expenses*

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange gains and losses and gains and losses on securities, amortisation of loan costs, as well as changes in the fair value of financial instruments.

*Tax on profit/loss for the year*

Tax for the year consists of current tax for the year and adjustment of deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Group's current tax is computed according to the provisions of the Danish Tonnage Tax Act. On the basis of the Group's planned shipowning activities, the Tonnage Tax Scheme does not imply recapture of depreciation, and therefore deferred tax for these companies is only disclosed in the note "Deferred tax".

The Group is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

## Balance Sheet

*Intangible assets*

Intangible assets are measured at cost less accumulated amortisation.

The period of amortisation of goodwill is longest for enterprises acquired for strategic purposes with a strong market position and a long earnings profile.

Amortisation based on cost is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Goodwill .......................................................... 10 years
Software .......................................................... 5 years

*Property, plant and equipment*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest paid on loans raised for indirect or direct financing or production of property, plant and equipment is recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets:

Fixtures and fittings, tools and equipment ....... 3-10 years
Vessels (newbuilding) ....................................... 25 years
Vessels (not newbuilding) .......................... up to 25 years
Leasehold improvements ............................... lease term

Scrap values are yearly reassessed.

Vessels and equipment are measured at cost less accumulated depreciation calculated on a straight-line basis over the period until either the end of the expected useful life or the time of expected phasing out. At the establishment of expected useful life, the condition and age of the vessels are considered. At the establishment of the time of expected phasing out, the provisions of the MARPOL convention are considered.

The scrap values of vessels are determined as the vessels' selling value after 25 years of use as estimated by external shipbroker.

Docking expenses are added to the carrying amounts of the vessels at the time of payment and are expensed on a straight-line basis over the expected useful lives of the improvements, on average 2.5 years.

Gains and losses on sale of property, plant and equipment are recognised in the income statement under other income and other expenses, respectively.

*Impairment of fixed assets*

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use.

The recoverable amount of vessels has been determined on the basis of the value in use as the value in use is considered higher than the fair value.

The value in use is calculated by means of cash flow estimates of the expected useful life of the vessel based on approved budgets for the coming financial year as well as the following estimated development. A discount rate of 8% p.a. after tax and exchange rates at the level of the actual rates of exchange at 30 April 2017 have been applied.

The most material assumptions applied at the calculation of the value in use are as follows:

- » Cash flows are based on normal earnings over the remaining life of the vessel based on the vessel's expected total life, cf accounting policies applied.
- » Freight rates for the coming years are estimated based on experience, knowledge of the market and input from the Group's business partners. As from the financial year 2017/18, an annual increase in freight rates corresponding to the market having reached the expected level in 2019/20 is estimated. Hereafter, an annual increase in freight rates corresponding to 2.5% is estimated.

» Operating and administrative expenses are based on experience and expectation of the general development in expenses. As from 2018/19, expenses are expected to increase by 2.5% annually.

» Docking expenses are estimated based on experience and already planned dockings. Docking expenses are expected to increase by 2.5% annually.

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

The item "Investments in subsidiaries" in the balance sheet of the Parent Company includes the proportionate ownership share of the net asset value of the enterprises calculated under the accounting policies of the Parent Company, adjusted for unrealised intercompany profits or losses and with addition or deduction of goodwill.

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

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

Gains or losses on disposal or liquidation of subsidiaries are calculated as the difference between the sales sum or the liquidation amount and the carrying amount of net assets at the time of sale or liquidation, including unamortised goodwill and expected sales or liquidation expenses. Gains or losses are recognised in the income statement.

*Inventories*
Inventories are measured at cost under the FIFO method. Inventories comprise bunkers and lubrication oil for own use.

The cost of inventories for which the fair values are effectively hedged by a financial transaction is adjusted for changes in the fair value of the hedged risk.

*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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

*Prepayments*
Prepayments comprise prepaid expenses concerning rent, ensurance premiums, subscriptions and interest.

*Provisions*
Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date – the Group 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 tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and own vessels under the Tonnage Tax Scheme.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

*Current tax receivables and liabilities*
Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year and adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset and presented as a net item if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

*Financial debts*
Fixed-interest loans from credit institutions are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

*Deferred income*
Deferred income comprise payments recieved in respect of income in subsequent years.

### Cash Flow Statement
The cash flow statement shows the Group'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 Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

*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 depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

*Cash flows from investing activities*
Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

*Cash flows from financing activities*
Cash flows from financing activities comprise cash flows from the raising and repayment of short- and long-term debt as well as payment of dividend to shareholders.

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

**Definition of financial ratios**

$$\text{Gross margin} = \frac{\text{Gross profit x 100}}{\text{Revenue}}$$

$$\text{Profit margin} = \frac{\text{Profit before financials x 100}}{\text{Revenue}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

$$\text{Liquidity ratio} = \frac{\text{Current assets}}{\text{Short-term debt}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end x 100}}{\text{Total assets}}$$


UNI-TANKERS

# SIGNATURES

## MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Uni-Tankers A/S for the financial year 1 May 2016 – 30 April 2017.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Parent Company and the Group at 30 April 2017 and of the results of the Parent Company and Group operations and consolidated cash flows for 2016/17.

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.

Middelfart, 3 July 2017

**Executive Board**

**Torben Andersen**

**Board of Directors**

**Torben Østergaard-Nielsen**
Chairman

**Klaus Nyborg**
Deputy Chairman

**Michael Keldsen**

**Torben Janholt**

**Peter Frederiksen**

**Nina Østergaard Borris**

**Peter Korsholm**

**Morten Hultberg Buchgreitz**

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 3 July 2017.

**Chairman of the meeting**

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF UNI-TANKERS A/S

**Opinion**
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2017, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 May 2016 - 30 April 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Uni-Tankers A/S for the financial year 1 May 2016 - 30 April 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement 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 Consolidated Financial Statements and Parent Company 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.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent 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 Group or the Parent 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 eco-

nomic 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

» Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Trekantområdet, 3 July 2017

**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
Company reg. no.: 33 77 12 31

**Jan Bunk Harbo Larsen**
State Authorised Public Accountant

**Carsten Dahl**
State Authorised Public Accountant

# GROUP CHART

**UNI-TANKERS**

100% UNI-CHARTERING Denmark

100% UNI-CHARTERING France

100% UNI-CHARTERING Gibraltar

100% UNI-CHARTERING Turkey

100% UNI-CHARTERING USA

100%

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M/T JUTLANDIA SWAN ApS

100%

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M/T SELANDIA SWAN ApS

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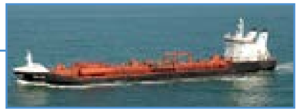
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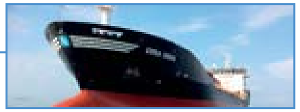
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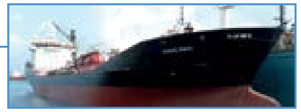
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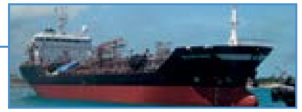
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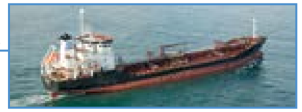
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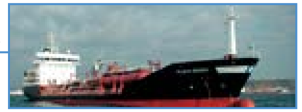
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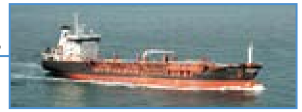
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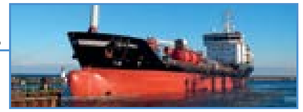
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UNI-TANKERS
M/T FENNO SWAN ApS

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UNI-TANKERS
M/T ENDELO SWAN ApS

# COMPANY INFORMATION

## Uni-Tankers A/S

| | |
|---|---|
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| Company reg. no.: | 12 56 07 96 |
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| Web: | www.uni-tankers.com |

## Uni-Chartering A/S

| | |
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| Facsimile: | +45 88 61 88 60 |
| E-mail: | chartering@uni-chartering.com |
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| Web: | www.uni-chartering.com |

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## Uni-Chartering – USA LLC

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| E-mail: | chartering@uni-chartering.com |
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## Uni-Chartering – Turkey

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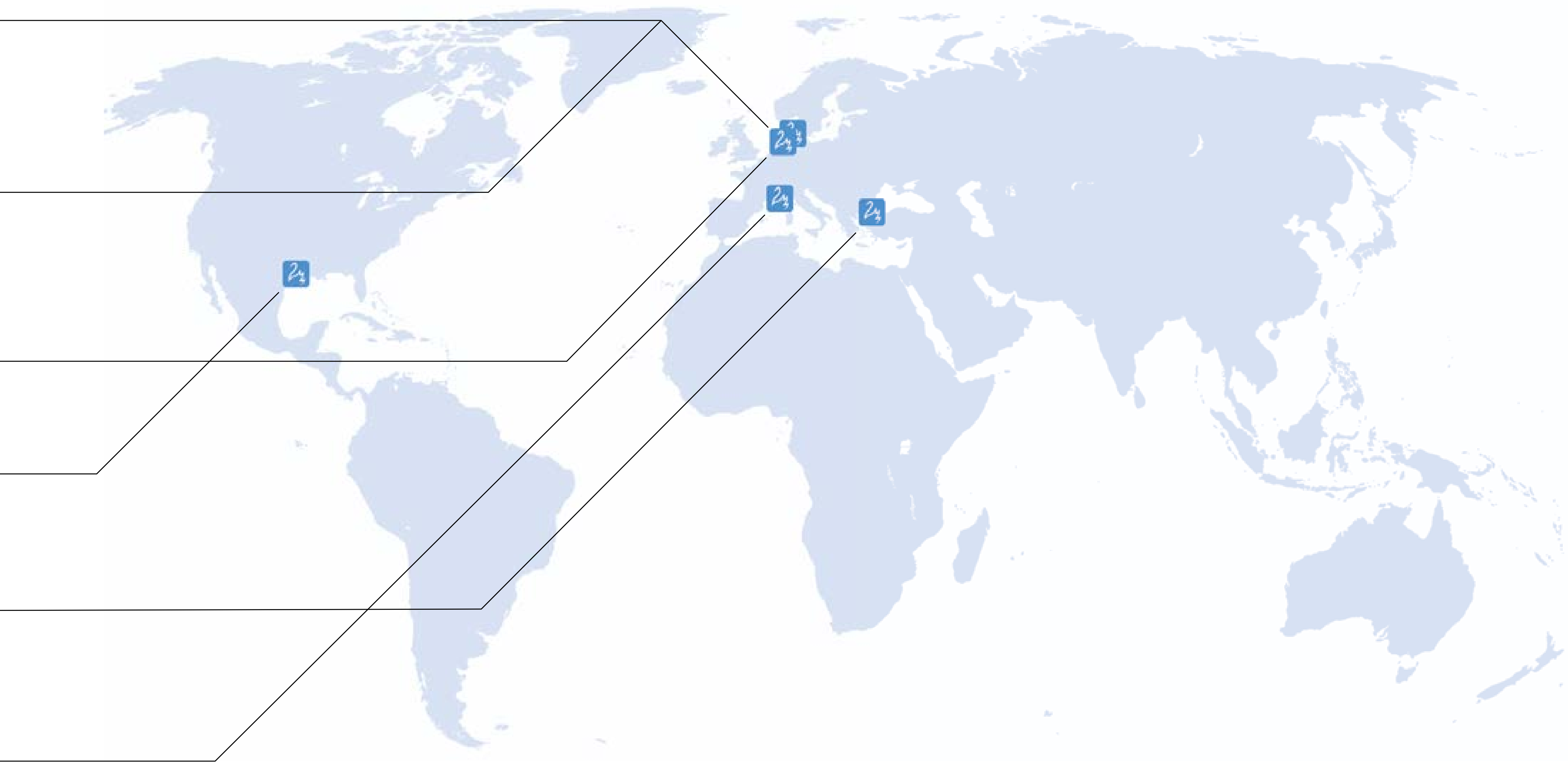
| Telephone: | +90 216 302 5900 |
| Facsimile: | +90 216 302 8999 |
| E-mail: | chartering@uni-chartering.com |
| Address: | Bagdat Cad. Gokce Sok.Toksoy Apt.<br>No: 10/17 - 18<br>34728 Caddebostan, Istanbul, Turkey |

## Uni-Chartering – France

| | |
|---|---|
| Telephone: | +33 493 121 934 |
| E-mail: | chartering@uni-chartering.com |
| Address: | Villa 'La Täne'<br>609 Chemin de Pigranel<br>06250 Mougins, France |



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