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# ***Nordana A/S***

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

## **Annual Report for 1 January - 31 December 2016**

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CVR No 26 82 35 60

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
17/5 2017

Rasmus Lund-Jacobsen  
Chairman



**pwc**

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	10
Balance Sheet 31 December	11
Statement of Changes in Equity	13
Notes to the Financial Statements	14
Notes, Accounting Policies	21

## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nordana A/S for the financial year 1 January - 31 December 2016.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

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.

Rungsted Kyst, 17 May 2017

### **Executive Board**

Johnny Schmølker

### **Board of Directors**

Johan Wedell-Wedellsborg  
Chairman

Oluf Myhrmann

Lars Kalstad Vedfelt

Johnny Schmølker

# Independent Auditor's Report

To the Shareholders of Nordana A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nordana A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

It should be noted that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. We refer to note 1 to the Financial Statements disclosing that, it is uncertain whether a promise of the requested loans will be obtained for the financing of the operations within the next year, but that obtaining such a promise is considered likely by Management. Accordingly, the Financial Statements have been prepared on the assumption of the Company continuing as a going concern.

Our opinion has not been modified in respect of this matter.

## 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.

# Independent Auditor's Report

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 17 May 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff  
statsautoriseret revisor

Mark Phillip Beer  
statsautoriseret revisor

## Company Information

### **The Company**

Nordana A/S  
Rungsted Strandvej 113  
DK-2960 Rungsted Kyst

CVR No: 26 82 35 60  
Financial period: 1 January - 31 December  
Municipality of reg. office: Hørsholm

### **Board of Directors**

Johan Wedell-Wedellsborg, Chairman  
Oluf Myhrmann  
Lars Kalstad Vedfelt  
Johnny Schmølker

### **Executive Board**

Johnny Schmølker

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

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

	2016 TUSD	2015 TUSD	2014 TUSD	2013 TUSD	2012 TUSD
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	31.444	68.584	47.338	88.619	111.020
Operating profit/loss	-3.887	-13.383	-1.480	-8.416	944
Profit/loss before financial income and expenses	-3.887	-13.383	-755	-8.271	1.281
Net financials	-9.823	-15.761	321	3.615	2.658
Net profit/loss for the year	-13.644	-27.986	-434	-4.670	3.939
<b>Balance sheet</b>					
Balance sheet total	28.428	85.682	105.470	142.495	116.363
Equity	6.259	18.244	48.131	49.352	53.184
Investment in property, plant and equipment	0	-1.337	1.201	-3.534	-38
Number of employees	0	8	6	25	25
<b>Ratios</b>					
Gross margin	-21,1%	-17,6%	0,7%	-6,0%	4,8%
Profit margin	-12,4%	-19,5%	-1,6%	-9,3%	1,2%
Return on assets	-13,7%	-15,6%	-0,7%	-5,8%	1,1%
Solvency ratio	22,0%	21,3%	45,6%	34,6%	45,7%
Return on equity	-111,4%	-84,3%	-0,9%	-9,1%	7,8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



## **Management's Review**

Financial Statements of Nordana A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Annual Report has been prepared under the same accounting policies as last year.

### **Main activity**

The Group's liner activities comprise a service operating between the Mediterranean Sea, Latin and South America, the Caribbean and the USA. The Shipping Company employs advanced Ro/Ro vessels equipped with cranes which enable speedy loading and unloading even in difficult harbours.

The tramp activities of Nordana Project & Chartering are characterised by the carriage of highly specialised project cargos for large international customers. Frequently comprising large, difficultly handled units, the project cargos presuppose considerable know how of loading techniques and suitable vessels.

In both segments, Nordana is acknowledged as a specialised carrier with the capacity to accommodate its customers' varying needs for cargo handling in all harbours.

### **Market overview**

The year was characterized by a tough market for both the Project and RoRo market throughout the year.

### **Development in the year**

The income statement of the Company for 2016 shows a loss of TUSD 13,644, and at 31 December 2016 the balance sheet of the Company shows equity of TUSD 6,259.

### **The past year and follow-up on development expectations from last year**

Results for the year and the financial position at the balance sheet date are presented in the enclosed Financial Statements of the Nordana A/S.

Results for the year were below the expectations expressed in the Annual Report for 2015 as the liner activities experienced challenges filling up the two vessels east bound as US exports were reduced. In addition, the continued political instability in, Venezuela, Libya and Turkey also influenced the results negatively.

Nordana Projects & Chartering was in June 2016 sold to Rickmers-Line. Nordana's multipurpose vessels will in the future operate in the charter market, where more stable earnings are expected.

# Management's Review

## Capital resources

For a description of the Company's capital structure and going concern, reference is made to note 1 to the Financial Statement.

## Special risks - operating risks and financial risks

### *Market risks*

Revenues from the shipping operations are linked to global market trends, which through demand fluctuations affect freight rates as well as prices of eg tonnage and fuel. Management currently assesses the extent to which it is relevant to take measures against these market fluctuations, eg through long-term contracts.

International provisions imply that in case of a maritime accident that results in oil or chemical spillage, the company will be imposed heavy financial liabilities in terms of the clean-up work. To reduce this risk, the widest possible insurance coverage has been taken out, comprising environmental and pollution coverage, coverage of the value of vessel and cargo, liability coverage as regards third parties and war risk insurance.

Fluctuations in the price of bunkers affect the operating profit. Price agreements are entered into concerning future purchases of bunkers when the market conditions are estimated to lead to increasing bunkers prices. It is the company's objective that the expected bunkers consumption of all contracts should be covered at the conclusion of the contract.

### *Currency risks*

Most of the income from shipping activities is in USD and EUR. To a minor extent, foreign exchange required in connection with operating expenses is subject to forward cover if earnings do not counterbalance these at currency level.

The financing of vessels is mainly in USD and therefore most of the currency risk relating to the assets is hedged.

## Basis of earnings

## Research and development

The company is not involved in research and development activities.

## Statement in compliance with section 99 (a) of the Danish Financial Statements Act

The company has no formalized policies on climate change and human rights.

# Management's Review

## Statement in compliance with section 99 (b) of the Danish Financial Statements Act

Target for the underrepresented gender on the Board of Directors

The Nordana A/S has due to regulation set a new target for having a minimum of 40% of each gender on the Board of Directors in 2018. Despite the continuous efforts to improve the gender equality among the members of the Board of Directors, the company has been unable to attract qualified persons of the underrepresented gender. Therefore, the current status of the underrepresented gender is 0%. The target was set in 2014.

Policy for increasing the number of women on other management levels

With reference to the number of employees in the company being less than 50 employees, the company does not wish to disclose its policy for increasing the share of the underrepresented gender at the company's other management levels.

## Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## Subsequent events

Due to challenging market conditions, the Board of Directors in March 2017 decided to close the transatlantic RoRo service, and the Nordana Ro/Ro vessels will in the future operate in the charter market where more stable earnings are expected.

## Income Statement 1 January - 31 December

	Note	2016 TUSD	2015 TUSD
<b>Revenue</b>	2	<b>31.444</b>	<b>68.584</b>
Vessel operating costs		-36.478	-78.512
Other external expenses		-1.595	-2.131
<b>Gross profit/loss</b>		<b>-6.629</b>	<b>-12.059</b>
Staff expenses	3	0	-1.304
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	2.742	-20
<b>Resultat før finansielle poster</b>		<b>-3.887</b>	<b>-13.383</b>
Income from investments in subsidiaries	5	-9.446	-15.622
Income from investments in associates		234	483
Financial income	6	252	62
Financial expenses	7	-863	-684
<b>Resultat før skat</b>		<b>-13.710</b>	<b>-29.144</b>
Tax on profit/loss for the year	8	66	1.158
<b>Net profit/loss for the year</b>		<b>-13.644</b>	<b>-27.986</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	-13.644	-27.986
	<b>-13.644</b>	<b>-27.986</b>

# Balance Sheet 31 December

## Assets

	Note	2016 TUSD	2015 TUSD
Other fixtures and fittings, tools and equipment		26	40
Prepayments for property, plant and equipment		625	1.014
<b>Property, plant and equipment</b>	9	<b>651</b>	<b>1.054</b>
Investments in subsidiaries	10	75	9.312
Investments in associates	11	2.792	2.559
Other investments	12	772	932
<b>Fixed asset investments</b>		<b>3.639</b>	<b>12.803</b>
<b>Fixed assets</b>		<b>4.290</b>	<b>13.857</b>
<b>Bunkers</b>		<b>0</b>	<b>1.552</b>
Trade receivables		410	2.558
Receivables from group enterprises		22.190	57.912
Receivables from associates		0	5.644
Other receivables		350	1.549
Prepayments		53	870
<b>Receivables</b>		<b>23.003</b>	<b>68.533</b>
<b>Cash at bank and in hand</b>		<b>1.135</b>	<b>1.740</b>
<b>Currents assets</b>		<b>24.138</b>	<b>71.825</b>
<b>Assets</b>		<b>28.428</b>	<b>85.682</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2016 TUSD	2015 TUSD
Share capital		1.097	1.097
Retained earnings		5.162	17.147
<b>Equity</b>		<b>6.259</b>	<b>18.244</b>
Provisions relating to investments in group enterprises		1.115	5.937
Provisions relating to investments in associates		8	7
<b>Provisions</b>		<b>1.123</b>	<b>5.944</b>
Prepayments received from customers		950	1.915
Trade payables		959	3.429
Payables to group enterprises		17.828	43.037
Payables to associates		0	2.126
Other payables		1.309	10.987
<b>Short-term debt</b>		<b>21.046</b>	<b>61.494</b>
<b>Debt</b>		<b>21.046</b>	<b>61.494</b>
<b>Liabilities and equity</b>		<b>28.428</b>	<b>85.682</b>
Capital resources	1		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		

## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TUSD	TUSD	TUSD
Equity at 1 January	1.097	17.147	18.244
Exchange adjustments	0	32	32
Other equity movements	0	1.627	1.627
Net profit/loss for the year	0	-13.644	-13.644
<b>Equity at 31 December</b>	<b>1.097</b>	<b>5.162</b>	<b>6.259</b>

# Notes to the Financial Statements

## 1 Capital resources

The Company is financed by group loans and lease liabilities. In order for the Company to continue as a going concern, it must be possible to extend the existing loan agreements and to procure liquidity for continued operations. At this time, no agreements securing continued operations have been made. Consequently the Company's ability to continue as a going concern, and thus its ability to meet its commitments as they fall due, is subject to material uncertainty. Management expects financing to be procured to continue the planned activities.

## 2 Revenue

### Business segments

	2016 TUSD	2015 TUSD
Freight income	24.513	51.897
Time charter	6.931	16.687
	<b>31.444</b>	<b>68.584</b>

## 3 Staff expenses

Wages and salaries	0	1.248
Pensions	0	53
Other social security expenses	0	3
	<b>0</b>	<b>1.304</b>

<b>Average number of employees</b>	<b>0</b>	<b>8</b>
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## 4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation of property, plant and equipment	16	20
Gain and loss on disposal	-2.758	0
	<b>-2.742</b>	<b>20</b>



## Notes to the Financial Statements

	2016 TUSD	2015 TUSD
<b>5 Income from investments in subsidiaries</b>		
Share of profits of subsidiaries	-8.399	-15.300
Amortisation of goodwill	-1.047	-322
	<b>-9.446</b>	<b>-15.622</b>
<b>6 Financial income</b>		
Interest received from group enterprises	218	0
Other financial income	34	62
	<b>252</b>	<b>62</b>
<b>7 Financial expenses</b>		
Interest paid to group enterprises	384	6
Other financial expenses	156	76
Exchange adjustments, expenses	323	602
	<b>863</b>	<b>684</b>
<b>8 Tax on profit/loss for the year</b>		
Current tax for the year	-182	-1.064
Adjustment of tax concerning previous years	116	-94
	<b>-66</b>	<b>-1.158</b>

# Notes to the Financial Statements

## 9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TUSD	Prepayments for property, plant and equipment TUSD
Cost at 1 January	150	1.014
Additions for the year	0	65
Disposals for the year	0	-454
Cost at 31 December	150	625
Impairment losses and depreciation at 1 January	110	0
Depreciation for the year	14	0
Impairment losses and depreciation at 31 December	124	0
<b>Carrying amount at 31 December</b>	<b>26</b>	<b>625</b>

# Notes to the Financial Statements

	2016 TUSD	2015 TUSD
<b>10 Investments in subsidiaries</b>		
Cost at 1 January	17.518	16.960
Additions for the year	559	887
Disposals for the year	-9.372	-329
Cost at 31 December	8.705	17.518
Value adjustments at 1 January	-61.956	-43.171
Disposals for the year	35.365	0
Exchange adjustment	-10	-21
Net profit/loss for the year	-8.399	-15.300
Other equity movements, net	1.961	-3.141
Amortisation of goodwill	1.047	-323
Transfers for the year	67	0
Value adjustments at 31 December	-31.925	-61.956
Equity investments with negative net asset value amortised over receivables	22.180	47.813
Equity investments with negative net asset value transferred to provisions	1.115	5.937
<b>Carrying amount at 31 December</b>	<b>75</b>	<b>9.312</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Nordana Project (Thailand) Ltd.	Thailand	25,000 TTHB	100%
Nordana Line A/S	Denmark	1,000,000 DKK	100%
Nord Scan Line K/S	Denmark		100%
Nordana Brage and Equipment Co. Inc.	USA	100 USD	100%
Liberty Terminals Ltd.	USA	728,393 USD	100%
NPC I (Singapore) Pte. Ltd.	Singapore	38,000 USD	100%

# Notes to the Financial Statements

	2016 TUSD	2015 TUSD
<b>11 Investments in associates</b>		
Cost at 1 January	1.334	1.334
Disposals for the year	-98	0
Cost at 31 December	1.236	1.334
Value adjustments at 1 January	1.218	841
Disposals for the year	87	-88
Exchange adjustment	8	-18
Net profit/loss for the year	235	483
Other equity movements, net	2.163	0
Value adjustments at 31 December	3.711	1.218
Equity investments with negative net asset value transferred to provisions	-2.155	7
<b>Carrying amount at 31 December</b>	<b>2.792</b>	<b>2.559</b>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Thaiden Maritime Ltd.	Thailand		49%
NS Line ApS	Denmark		50%

# Notes to the Financial Statements

## 12 Other fixed asset investments

	Other investments tUSD
Cost at 1 January	833
Cost at 31 December	833
Revaluations at 1 January	99
Exchange adjustment	-31
Revaluations for the year	-68
Revaluations at 31 December	0
Impairment losses for the year	61
Impairment losses at 31 December	61
<b>Carrying amount at 31 December</b>	<b>772</b>

## 13 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The company's contractual obligations relating to short-term chartering of vessels total tUSD 1,986.

The company has entered agreements on acquisition of vessels as well as shares of vessels for a total amount of tUSD 49,078.

The company has lease commitments relating to cars totaling tUSD 80.

The Company have received a claim regarding a cancellation of a newbuilding in 2015, due to delayed delivery of a vessel. No significant expenses are expected to be imposed on the Company as a result of the claim.

As part of the ordinary shipping liner operations, the company regularly receives loading claims from customers. The individual claims are provided for in the Financial Statements based on an individual assessment.

Tax may arise in the event of withdrawal from tonnage tax scheme.

# Notes to the Financial Statements

## 14 Related parties

### Consolidated Financial Statements

The Company is Included in the Group Annual Report of the Parent Company

Name	Place of registered office
Weco A/S	Hørsholm

# Notes, Accounting Policies

## Basis of Preparation

The Annual Report of Nordana A/S for 2016 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 last year.

Financial Statements for 2016 are presented in TUSD. Applied US Dollar exchange rate on the 31st of December 2016 : 705,28 (2015 : 683,00).

## Consolidated financial statements

With reference to section 112(3) of the Danish Financial Statements Act and to the consolidated financial statements of Weco Group A/S, the Company has not prepared consolidated financial statements.

## Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Weco A/S, the Company has not prepared a cash flow statement.

## Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

## Leases

Leases in terms of which the Company 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 alternative borrowing rate 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 Company.

## **Notes, Accounting Policies**

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 made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. 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 that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

### **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 classified as "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.



# Notes, Accounting Policies

## Income Statement

### Revenue

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

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Vessel operating costs

Vessel operating costs comprise voyage dependent expenses including raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Staff expenses

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

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment together with gains and losses on the sale of intangible assets and property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

### Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

## Notes, Accounting Policies

### Tax on profit/loss for the year

The Company is comprised by the tonnage tax regime. No provision is made for deferred tax since no deferred tax is expected to arise under the tonnage tax regime.

In foreign subsidiaries, tax is provided for in accordance with local tax rules. Tax for the year consists of current tax for the year and changes in deferred tax for the year.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated 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.

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

Vessels	25 years
Docking	2½ - 5 years
Other fixtures and fittings, tools and equipment	3-8 years

Depreciation period and residual value are reassessed annually.

### 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, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries and associates

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

## Notes, Accounting Policies

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

### **Other fixed asset investments**

Other fixed asset investments consist of loans.

### **Bunkers**

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

### **Receivables**

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

### **Prepayments**

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

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

## Notes, Accounting Policies

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

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

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year}}{\text{Average equity}}$