
Nordana A/S

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 1 January - 31 December 2015

CVR No 26 82 35 60

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/5 2016

Johnny Schmølker
Chairman



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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 2015.

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 2015 of the Company and of the results of the Company operations for 2015.

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, 31 May 2016

Direktion

Johnny Schmølker

Bestyrelse

Johan Wedell-Wedellsborg
Chairman

Oluf Myhrmann

Lars Kalstad Vedfelt

Johnny Schmølker

Independent Auditor's Report on the Financial Statements

To the Shareholders of Nordana A/S

Report on the Financial Statements

We have audited the Financial Statements of Nordana A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 31 May 2016

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
Website: www.nordana.dk

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

Consolidated Financial Statements

The Company is Included in the Group Annual Report of the Parent Company Weco Group A/S.

Financial Highlights

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

	2015 TUSD	2014 TUSD	2013 TUSD	2012 TUSD	2011 TUSD
Key figures					
Profit/loss					
Revenue	68.584	47.338	88.619	111.020	121.952
Operating profit/loss	-13.383	-1.480	-8.416	944	-11.733
Profit/loss before financial income and expenses	-13.383	-755	-8.271	1.281	-10.864
Net financials	-15.761	321	3.615	2.658	-8.391
Net profit/loss for the year	-27.986	-434	-4.670	3.939	-19.255
Balance sheet					
Balance sheet total	85.682	105.470	142.495	116.363	145.001
Equity	18.244	48.131	49.352	53.184	47.935
Investment in property, plant and equipment	-1.337	-1.630	-3.534	-38	59.321
Number of employees	8	6	25	25	26
Ratios					
Gross margin	-17,6%	0,7%	-6,0%	4,8%	-5,2%
Profit margin	-19,5%	-1,6%	-9,3%	1,2%	-8,9%
Return on assets	-15,6%	-0,7%	-5,8%	1,1%	-7,5%
Solvency ratio	21,3%	45,6%	34,6%	45,7%	33,1%
Return on equity	-84,3%	-0,9%	-9,1%	7,8%	-33,6%

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.

In connection with changes to accounting policies, the comparative figures back to 2011 have been restated. See the description under accounting policies.

Management's Review

Financial Statements of Nordana A/S for 2015 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

At 31 December 2015, Nordana Group owned the following vessels:

Ro/Ro vessels:

M.v. Wedellsborg, built 2014 11.469 dwt

M.v. Stjerneborg, built 1994 14.730 dwt

Multipurpose vessels:

M.v. Brattingsborg, built 2010 12.580 dwt

M.v. Billesborg, built 2011 12.580 dwt

M.v. Ellensborg, built 2011 12.580 dwt

Throughout varying periods of 2015, the Group has also employed approximately 25 time-chartered vessels on an ad hoc basis.

Management's Review

Development in the year

The income statement of the Company for 2015 shows a loss of TUSD 27,986, and at 31 December 2015 the balance sheet of the Company shows equity of TUSD 18,244.

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

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 2014; the liner activities experienced difficult challenges in particular with filling up three vessels both west bound and east bound. In addition, the continued political instability in a number of North African countries also influenced the results negatively.

The Liner Activities have now been reduced to a 2 ship service and we expect stable earnings for 2016.

The tramp section increased their activities with more vessels chartered and had a satisfactory start to the year but ended in a very difficult market situation which over all meant performance below expectations. We expect 2016 to be a 'turnaround' year with a lot lower activity on the Multi Purpose Segment wherefore results will continue negative but be stabilized towards the end of the year.

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.

Management's Review

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.

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

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

Income Statement 1 January - 31 December

	Note	2015 TUSD	2014 TUSD
Revenue	1	68.584	47.338
Other operating income		0	725
Vessel operating costs		-78.512	-45.795
Other external expenses		-2.131	-1.916
Gross profit/loss		-12.059	352
Staff expenses	2	-1.304	-1.086
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-20	-21
Resultat før finansielle poster		-13.383	-755
Income from investments in subsidiaries	4	-15.622	1.584
Income from investments in associates		483	676
Financial income	5	62	732
Financial expenses	6	-684	-2.671
Resultat før skat		-29.144	-434
Tax on profit/loss for the year	7	1.158	0
Net profit/loss for the year		-27.986	-434

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	0
Retained earnings	-27.986	-434
	-27.986	-434

Balance Sheet 31 December

Assets

	Note	2015 TUSD	2014 TUSD
Other fixtures and fittings, tools and equipment		40	60
Prepayments for property, plant and equipment		1.014	2.351
Property, plant and equipment	8	1.054	2.411
Investments in subsidiaries	9	9.312	11.114
Investments in associates	10	2.559	2.182
Receivables from group enterprises	11	0	10.000
Other investments	11	932	1.039
Other receivables	11	0	613
Fixed asset investments		12.803	24.948
Fixed assets		13.857	27.359
Bunkers		1.552	1.056
Trade receivables		2.558	2.044
Receivables from group enterprises		57.912	64.109
Receivables from associates		5.644	5.171
Other receivables		1.549	64
Corporation tax		0	3
Prepayments		870	737
Receivables		68.533	72.128
Cash at bank and in hand		1.740	4.927
Currents assets		71.825	78.111
Assets		85.682	105.470

Balance Sheet 31 December

Liabilities and equity

	Note	2015 TUSD	2014 TUSD
Share capital		1.097	1.097
Retained earnings		17.147	47.034
Equity	12	18.244	48.131
Provisions relating to investments in group enterprises		5.937	5.937
Provisions relating to investments in associates		7	7
Provisions		5.944	5.944
Credit institutions		0	28.120
Lease obligations		0	950
Payables to group enterprises		12.679	0
Other payables		0	4.000
Long-term debt	13	12.679	33.070
Credit institutions	13	0	3.240
Prepayments received from customers		1.915	4.538
Trade payables		3.429	3.821
Payables to group enterprises	13	30.358	3.203
Payables to associates		2.126	2.379
Other payables		10.987	1.144
Short-term debt		48.815	18.325
Debt		61.494	51.395
Liabilities and equity		85.682	105.470
Contingent assets, liabilities and other financial obligations	14		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TUSD	TUSD	TUSD
Equity at 1 January	1.097	47.034	48.131
Exchange adjustments	0	-833	-833
Other equity movements in subsidiaries	0	-1.068	-1.068
Net profit/loss for the year	0	-27.986	-27.986
Equity at 31 December	1.097	17.147	18.244

Notes to the Financial Statements

	2015 TUSD	2014 TUSD
1 Revenue		
Business segments		
Tramp	51.897	26.446
Timecharter	16.687	20.892
	68.584	47.338
2 Staff expenses		
Wages and salaries	1.248	1.038
Pensions	53	46
Other social security expenses	3	3
Other staff expenses	0	-1
	1.304	1.086
Average number of employees	8	6
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	20	21
	20	21
4 Income from investments in subsidiaries		
Share of profits of subsidiaries	-15.300	203
Amortisation of goodwill	-322	1.381
	-15.622	1.584

Notes to the Financial Statements

	2015 TUSD	2014 TUSD
5 Financial income		
Interest received from group enterprises	0	710
Other financial income	62	22
	62	732
6 Financial expenses		
Interest paid to group enterprises	6	0
Other financial expenses	76	717
Exchange adjustments, expenses	602	1.954
	684	2.671
7 Tax on profit/loss for the year		
Current tax for the year	-1.064	0
Adjustment of tax concerning previous years	-94	0
	-1.158	0
8 Property, plant and equipment		
	Other fixtures and fittings, tools and equipment TUSD	Prepayments for property, plant and equipment TUSD
Cost at 1 January	150	2.351
Additions for the year	0	349
Disposals for the year	0	-1.686
Cost at 31 December	150	1.014
Impairment losses and depreciation at 1 January	90	0
Depreciation for the year	20	0
Impairment losses and depreciation at 31 December	110	0
Carrying amount at 31 December	40	1.014

Notes to the Financial Statements

	2015 TUSD	2014 TUSD
9 Investments in subsidiaries		
Cost at 1 January	16.960	25.511
Additions for the year	887	7.666
Disposals for the year	-329	-16.217
Cost at 31 December	17.518	16.960
Value adjustments at 1 January	-43.171	-43.372
Exchange adjustment	-21	-1
Net profit/loss for the year	-15.300	444
Other equity movements, net	-3.141	0
Amortisation of goodwill	-323	-242
Value adjustments at 31 December	-61.956	-43.171
Equity investments with negative net asset value amortised over receivables	47.813	31.388
Equity investments with negative net asset value transferred to provisions	5.937	5.937
Carrying amount at 31 December	9.312	11.114

Notes to the Financial Statements

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Schackenborg Ltd.	Gibraltar	100 GBP	100%
Skanderborg Ltd.	Gibraltar	100 GBP	100%
Skodsborg Ltd.	Gibraltar	100 GBP	100%
Nordborg Inc.	Liberia	1 USD	100%
Naesborg Inc.	Liberia	1 USD	100%
Rungsted Shipping Ltd.	Gibraltar		100%
Nordana Project (Thailand) Ltd.	Thailand	6,000,000 THB	100%
Nordana Line A/S	Denmark	1,000,000 DKK	100%
Nord Scan Line K/S	Denmark		100%
Wedellsborg Ltd.	Gibraltar	100 GBP	100%
Nordana Brage and Equipment Co. Inc.	USA	100 USD	100%
St. Thomas Shipping Ltd.	Gibraltar		100%
Liberty Terminals Ltd.	USA	728,393 USD	100%
NPC I (Singapore) Pte. Ltd.	Singapore	38,000 USD	100%
NPC II (Singapore) Pte. Ltd.	Singapore	38,000 USD	100%
Borgship III ApS	Denmark	49,316 USD	100%
Borgship IV ApS	Denmark	46,715 USD	100%

Notes to the Financial Statements

	2015 TUSD	2014 TUSD
10 Investments in associates		
Cost at 1 January	1.334	2.060
Transfers for the year	0	-726
Cost at 31 December	1.334	1.334
Value adjustments at 1 January	841	511
Disposals for the year	-88	-215
Exchange adjustment	-18	-7
Net profit/loss for the year	483	552
Value adjustments at 31 December	1.218	841
Equity investments with negative net asset value transferred to provisions	7	7
Carrying amount at 31 December	2.559	2.182

Investments in associates are specified as follows:

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

Notes to the Financial Statements

11 Other fixed asset investments

	Receivables from group enterprises TUSD	Other investments TUSD	Other receiv- ables TUSD
Cost at 1 January	10.000	833	613
Disposals for the year	-10.000	0	-613
Cost at 31 December	0	833	0
Revaluations at 1 January	0	206	0
Revaluations for the year	0	-107	0
Revaluations at 31 December	0	99	0
Carrying amount at 31 December	0	932	0

12 Equity

The share capital is broken down as follow:

	Number	Nominal value TUSD
Shares of TDKK 250	2	500
Shares of TDKK 2,195	2	4.390
Shares of TDKK 555	2	1.110
Shares pf TDKK 1	3	333
		6.333

The share capital has developed as follows:

	2015 TUSD	2014 TUSD	2013 TUSD	2012 TUSD	2011 TUSD
Share capital at 1 January	1.097	1.097	1.097	1.097	1.159
Capital increase	0	0	0	0	0
Capital decrease	0	0	0	0	-62
Share capital at 31 December	1.097	1.097	1.097	1.097	1.097

Notes to the Financial Statements

13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2015 TUSD	2014 TUSD
Credit institutions		
Between 1 and 5 years	0	28.120
Long-term part	0	28.120
Other short-term debt to credit institutions	0	3.240
	0	31.360
Lease obligations		
Between 1 and 5 years	0	950
Long-term part	0	950
Within 1 year	0	0
	0	950
Payables to group enterprises		
Between 1 and 5 years	12.679	0
Long-term part	12.679	0
Other short-term debt to group enterprises	30.358	3.203
	43.037	3.203
Other payables		
Between 1 and 5 years	0	4.000
Long-term part	0	4.000
Other short-term payables	10.987	1.144
	10.987	5.144

14 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The company's contractual obligations relating to short-term chartering of vessels total tUSD 21,370.

The company has entered agreements on acquisition of vessels as well as shares of vessels for a total amount of tUSD 29,760.

Notes to the Financial Statements

14 Contingent assets, liabilities and other financial obligations (continued)

The company has container lease commitments totaling tUSD 974.

The company has lease commitments relating to cars totaling tUSD 114.

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.

Accounting Policies

Basis of Preparation

The Annual Report of Nordana A/S for 2015 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 2015 are presented in TUSD. Applied US Dollar exchange rate on the 31st of December 2015 : 683,000 (2014 : 612,140).

Consolidated financial statements

With reference to section 112 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 Group 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.

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.

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.

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, including gains and losses on the sale of intangible assets and property, plant and equipment.

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.

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.

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 any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

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.

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.

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.

Accounting Policies

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	$\frac{\text{Net profit for the year}}{\text{Average equity}}$