

LNG 2 A/S

c/o Citco (Denmark) ApS

Holbergsgade 14, 2. tv., 1057 Copenhagen

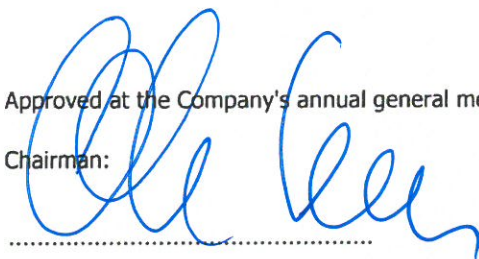
CVR no. 27 40 68 66



Annual report 2016

Approved at the Company's annual general meeting on 22 May 2017

Chairman:



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working world



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of LNG 2 A/S for the financial year 1 January - 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

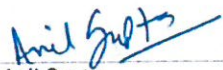
Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and its financial position.

We recommend that the annual report be approved at the annual general meeting.

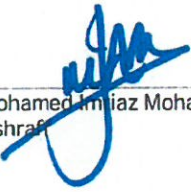
Copenhagen, 22 May 2017
Executive Board:



Capt. Joseph Coutinho

Board of Directors:


Anil Gupta
Chairman


Capt. Joseph Coutinho


Mohamed Amiaz Mohamed
Ashraf



Independent auditors' report

To the shareholders of LNG 2 A/S

Opinion

We have audited the financial statements of LNG 2 A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 the financial statements.

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

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

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the 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 of the Management's review.

Copenhagen, 22 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Anders Flymer-Dindler
State Authorised
Public Accountant



Management's review

Company details

Name	LNG 2 A/S
Address, zip code, city	c/o Citco (Denmark) ApS, Holbergsgade 14 2 tv, 1057 Copenhagen K
CVR no.	CVR no. 27 40 68 66
Established	17 October 2003
Financial year	1 January - 31 December
Executive Board	Capt. Joseph Coutinho
Board of Directors	Anil Gupta Capt. Joseph Coutinho Mohamed Imtiaz Mohamed Ashraff
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, DK-2000 Frederiksberg



Management's review

Operating review

Principal activities of the Company

The Company's main objective is to be administrator, limited partner and general partner of K/S Membrane 2. K/S Membrane 2 was liquidated in December 2014. The Company has currently no operating activities.

Loss for the year

Loss for the year after tax is USD 33 thousand (2015: a loss of USD 14 thousand), which is in line with expectations. A minor loss is expected for 2017.

Events after the balance sheet date

No events have occurred after the balance sheet date which materially affect the financial year for the period 1 January - 31 December 2016 or the financial position at 31 December 2016.



Financial statements for the period 1 January - 31 December

Income statement

Note	USD'000	2016	2015
	Other external costs	-31	-12
	Operating profit/loss	-31	-12
2	Financial income	1	3
3	Financial expenses	-3	-7
	Loss before tax	-33	-16
4	Tax on profit/loss for the year	0	2
	Loss for the year	-33	-14
	Proposed distribution of loss		
	Proposed dividend	0	0
	Retained earnings	-33	-14
		-33	-14

Financial statements for the period 1 January - 31 December

Balance sheet

Note	USD'000	2016	2015
	ASSETS		
	Current assets		
	Receivables		
	Receivables from group enterprise	21	21
		21	21
	Cash at bank and in hand	81	119
	Total current assets	102	140
	TOTAL ASSETS	102	140
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	91	91
	Retained earnings	-15	18
	Total equity	76	109
	Liabilities		
	Payables to group enterprise	17	17
	Trade payables	9	14
		26	31
	Total liabilities	26	31
	TOTAL EQUITY AND LIABILITIES	102	140

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Mortgages and collateral
- 8 Related party disclosures

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of LNG 2 A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The Company has in accordance with section 16(2) of the Danish Financial Statements Act, chosen to present the annual report in the Company's functional currency USD. At 31 December 2016, the currency exchange rate was 7.05 DKK/USD (31 December 2015: 6.83 DKK/USD).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

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

Income statement

Other external costs

Other external cost consists of reversal of accruals and administrative expenses, including management fee.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense/income that relates to the profit/loss for the year is recognised in the income statement.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Cash

Cash comprise cash and subject only to minor risks of changes in value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. The Company is part of a compulsory joint taxation with LNG 1 A/S, which is the management company.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Liabilities

Liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

USD'000		2016	2015	
2	Financial income			
	Other financial income	1	3	
		<u>1</u>	<u>3</u>	
3	Financial expenses			
	Bank fee	3	4	
	Other financial expenses	0	3	
		<u>3</u>	<u>7</u>	
4	Tax on the results for the year			
	Adjustment, prior years	0	2	
		<u>0</u>	<u>2</u>	
5	Statement of changes in equity			
USD'000		Share capital	Retained earnings	Total
	Equity at 1 January 2016	91	18	109
	Transferred, cf. distribution of loss	0	-33	-33
	Equity at 31 December 2016	<u>91</u>	<u>-15</u>	<u>76</u>

The share capital consists of shares corresponding to USD 91,241, DKK 500,000, translated at the USD/DKK rate at 10 July 2014. All shares rank equally. The share capital has been reduced during 2014. Until 10 July 2014, the share capital consisted of shares corresponding to USD 1,250,000.

Until 10 July 2014, the share capital remained unchanged for the preceding four years.

6 Contractual obligations and contingencies, etc.

The Company is jointly taxed with other Danish enterprises with the same ultimate owner. Companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

7 Contingent liabilities, mortgages and collateral

The Company has no contingent liabilities.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Related party disclosures

LNG 2 A/S' related parties comprise the following:

Parties exercising control

Qatar Shipping Company (France) SARL, Paris, holding 100% of the share capital in the Company.