



# Norient Product Pool ApS

**CVR NO. 28 10 09 73**

**Strandvejen 52, 2900 Hellerup**

**Annual Report for 2018**

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 14/05 2019.

Karina Sundbæk Jensen  
**Chairman**



**NORIENT**  
PRODUCT POOL



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# Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Norient Product Pool ApS for the financial year 1 January – 31 December 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hellerup, 14 May 2019

## Executive Board

Søren Huscher

## Board of Directors

Jan Rindbo  
*Chairman*

Karina Sundbæk Jensen

Henrik Lykkegaard Madsen

Per Zerman

# ***Independent Auditor's Report***

**To the Shareholder of Norient Product Pool ApS**

## **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Norient Product Pool ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes and summary of significant accounting policies ("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.

## **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.

## ***Independent Auditor's Report***

As part of an audit conducted in accordance with ISAs and the 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.
- 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 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, 14 May 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Bo Schou-Jacobsen  
State Authorised Public Accountant  
mne28703

Christian Bagi Nordsten  
State Authorised Public Accountant  
mne36170

## Company Information

### **The Company**

Norient Product Pool ApS  
Strandvejen 52  
DK-2900 Hellerup

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E-mail: [all@norientpool.com](mailto:all@norientpool.com)  
Website: [www.norientpool.com](http://www.norientpool.com)

CVR No: 28 10 09 73  
Financial period: 1 January - 31 December  
Financial year: 14<sup>th</sup> financial year  
Municipality of reg. office: Gentofte

### **Board of Directors**

Jan Rindbo, Chairman  
Karina Sundbæk Jensen  
Henrik Lykkegaard Madsen  
Per Zerman

### **Executive Board**

Søren Huscher

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Accounting Policies

## Basis of Preparation

The Annual Report of NPP ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with add-ins from higher reporting classes.

The Annual Report for 2018 is presented in USD, which is the entity's functional currency. Applied US Dollar exchange rate on the 31 December 2018: 651,11 (2017: 621,06)

## Changes in accounting policies

In 2018, the owner structure was changed for NPP ApS. As of year-end 2018, the Company is a fully owned subsidiary of Dampskibsselskabet NORDEN A/S. Due to this, the Company is now preparing and presenting its Annual Report in accordance with the Danish Financial Statements Act. For 2017, the Annual Report was prepared and presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU and further requirements in the Danish Financial Statement Act.

The changes in accounting policies have no effect on recognition or measurement on items in the income statement or the balance sheet, besides from the ownership of shares in the Parent Company not being measured at fair value through other comprehensive income, but instead at fair value through the income statement. Thus, the net profit/loss for the year 2017 have been increased with DKK 314.634 before tax and DKK 245.415 after tax. Comparative figures have been adjusted accordingly.

## 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 it is probable that future economic benefits attributable to the asset will flow to the Company, 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 Company, 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.

## 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.

# **Accounting Policies**

## **Income Statement**

### **Revenue**

Revenue comprises income from commercial management.

Revenue comprises the fair value of the consideration received or receivable for the management service delivered. Revenue is shown net of value-added tax and rebates.

Commercial management income is recognised upon delivery of the service in accordance with the management agreement entered into.

### **Other external expenses**

Other external expenses comprise costs and expenses for premises 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 property, plant and equipment.

On the sale of an item of property, plant and equipment the difference between the sales proceeds and the carrying amount of the asset is recognised in the profit or loss statement.

### **Financial income and expenses**

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, fair value adjustments on securities as well as extra interests under the on-account taxation scheme.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement. The tax attributable to income and expenses recognised in Other Comprehensive Income is recognised along with these items.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.



# Accounting Policies

## 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:

Other fixtures and fittings, tools and equipment	3-7 years
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The assets' residual values and useful lives are reviewed, and adjusted at each balance sheet date, if appropriate.

### Impairment of property, plant and equipment

The carrying amounts of 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. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Securities

Securities consist of shares in a listed company that are measured at their fair value at the balance sheet date.

### Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest. Prepayments are measured at the amount paid.

# Accounting Policies

## Equity

### *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### *Dividend*

Dividend distribution is recognised as a deduction in equity in the period where the dividend is declared.

### **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.

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 related deferred income tax asset is expected to be realised or the deferred income tax liability is expected to be settled.

To the extent that the manner in which the entity recovers the carrying amount of an asset or a liability affects the tax implications, the measurement of the deferred tax liability or asset is based on how the entity expects to recover the asset or liability.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised to the extent that deferred tax liabilities are available or it is probable that future taxable profit will be available.

### **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 adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

### **Financial debts**

Financial debts are recognised initially at fair value, net of transaction costs incurred. Subsequently they are measured at amortised cost, substantially corresponding to nominal value.

### **Long term employee benefit obligations**

Long term employee benefits obligations consist of liabilities under incentive programmes whereby the Company has an obligation to deliver shares in Dampskibsselskabet NORDEN A/S to the key personnel of the company at a determinable price. Alternatively, to make a cash settlement of the difference between the pre-fixed price and the current market price.

The liability is recognised in the profit or loss statement over the vesting period. The liability is measured at the present value of the expected difference between the market price and the exercise price of the shares at the expected exercise date. It is calculated on the basis of an option pricing model.

## Income Statement

	Note	2018	2017
		USD	USD
<b>Revenue</b>		<b>10.164.440</b>	<b>13.255.585</b>
Other external expenses		-8.318.052	-7.826.313
<b>Gross profit/loss</b>		<b>1.846.388</b>	<b>5.429.272</b>
Staff expenses	1	-3.932.151	-3.853.084
Depreciation and impairment of other fixtures and fittings, tools and equipment	2	-13.720	-12.888
<b>Profit/loss before financial income and expenses</b>		<b>-2.099.483</b>	<b>1.563.300</b>
Financial income	3	10.083	330.402
Financial expenses	4	-520.915	-90.615
<b>Profit/loss before tax</b>		<b>-2.610.315</b>	<b>1.803.087</b>
Tax on profit/loss for the year	5	592.292	-326.267
<b>Net profit/loss for the year</b>		<b>-2.018.023</b>	<b>1.476.820</b>
<b>Proposed distribution of profit</b>			
Retained earnings		-2.018.023	1.476.820
		<b>-2.018.023</b>	<b>1.476.820</b>

## Balance Sheet at 31 December

### Assets

	Note	2018	2017
		USD	USD
Other fixtures and fittings, tools and equipment	6	14.952	24.778
<b>Property, plant and equipment</b>		<b>14.952</b>	<b>24.778</b>
Securities		1.442.208	1.907.367
<b>Financial assets</b>		<b>1.442.208</b>	<b>1.907.367</b>
<b>Total fixed assets</b>		<b>1.457.160</b>	<b>1.932.145</b>
Trade receivables		628.462	1.233.027
Deferred tax asset		656.240	56.341
Other receivables		385.539	364.136
<b>Receivables</b>		<b>1.670.241</b>	<b>1.653.504</b>
<b>Cash at bank and in hand</b>		<b>15.433.826</b>	<b>13.464.925</b>
<b>Total current assets</b>		<b>17.104.067</b>	<b>15.118.429</b>
<b>Assets</b>		<b>18.561.227</b>	<b>17.050.574</b>

## Balance Sheet at 31 December

### Liabilities and equity

	Note	2018	2017
		USD	USD
Share capital	7	91.190	91.190
Retained earnings		408.417	2.426.440
Proposed dividends for the year		0	0
<b>Equity</b>		<b>499.607</b>	<b>2.517.630</b>
Other short-term employee benefit obligations	8	0	0
<b>Non-current liabilities</b>		<b>0</b>	<b>0</b>
Other short-term employee benefit obligations	8	0	0
Trade payables		16.604.906	431.459
Payables to shareholders		157.569	12.524.389
Corporation tax		675	30.159
Other payables		1.298.470	1.546.937
<b>Current liabilities</b>		<b>18.061.620</b>	<b>14.532.944</b>
<b>Liabilities</b>		<b>18.061.620</b>	<b>14.532.944</b>
<b>Liabilities and equity</b>		<b>18.561.227</b>	<b>17.050.574</b>
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## Statement of Changes in Equity

	Share capital	Revaluation reserve available for sale financial assets	Retained earnings	Proposed dividends	Total
	USD	USD	USD	USD	USD
<b>Equity at 1 January 2018</b>	<b>91.190</b>	<b>0</b>	<b>2.426.440</b>	<b>0</b>	<b>2.517.630</b>
Net profit/loss for the year	0	0	-2.018.023		-2.018.023
Proposed dividends	0	0	0	0	0
<b>Equity at 31 December 2018</b>	<b>91.190</b>	<b>0</b>	<b>408.417</b>	<b>0</b>	<b>499.607</b>
<b>Equity at 1 January 2017</b>	<b>91.190</b>	<b>-176.706</b>	<b>2.626.326</b>	<b>0</b>	<b>2.540.810</b>
Adjustment due to change in accounting policies		176.706	-176.706		0
<b>Adjusted equity at 1 January 2017</b>	<b>91.190</b>	<b>0</b>	<b>2.449.620</b>	<b>0</b>	<b>2.540.810</b>
Net profit/loss for the year	0	0	1.476.820	0	1.476.820
Extraordinary dividend to shareholders	0	0	-1.500.000	0	-1.500.000
Proposed dividends	0	0	0	0	0
<b>Equity at 31 December 2017</b>	<b>91.190</b>	<b>0</b>	<b>2.426.440</b>	<b>0</b>	<b>2.517.630</b>

# Notes to the Financial Statements

	2018
	<u>USD</u>
<b>1 Staff expenses</b>	
Salaries	3.596.311
Pensions	297.106
Other social security expenses	38.734
	<u><b>3.932.151</b></u>
 <b>Average number of employees</b>	 <u><b>26</b></u>
 Remuneration of the Management consists of:	
Salaries	383.181
Bonus	69.113
Pensions	38.596
	<u><b>490.890</b></u>
 <b>2 Depreciation and impairment of other fixtures and fittings, tools and equipment</b>	
 Other fixtures and fittings, tools and equipment	 13.720
	<u><b>13.720</b></u>
 <b>3 Financial income</b>	
 Interest income	10.076
Other financial income	7
	<u><b>10.083</b></u>
 <b>4 Financial expenses</b>	
 Interest expenses	1.270
Fair value adjustment of securities	465.159
Other financial expenses	54.486
	<u><b>520.915</b></u>

## Notes to the Financial Statements

<b>5 Tax on profit/loss for the year</b>	2018
	USD
Current tax for the year	7.607
Adjustments in respect of previous years	0
Deferred tax for the year	-599.899
<b>Tax of profit/loss for the year</b>	<b>-592.292</b>
<b>6 Other fixtures and fittings, tools and equipment</b>	
Cost at 1 January	405.076
Additions for the year	3.894
Disposals for the year	0
Cost at 31 December	408.970
Impairment losses and depreciation at 1 January	-380.298
Depreciation for the year	-13.720
Reversal of impairment and depreciation of sold assets	0
Impairment losses and depreciation at 31 December	-394.018
<b>Carrying amount at 31 December</b>	<b>14.952</b>
<b>Depreciated over</b>	<b>3-7 years</b>
<b>7 Equity</b>	

The share capital amounts to DKK 506.000 and consists of 506 shares of a nominal value of DKK 1.000. No shares carry any special rights.



## Notes to the Financial Statements

### 8 Other long-term employee benefit obligations

The obligation comprises an obligation under incentive programmes to deliver shares in Dampskibsselskabet NORDEN A/S at a determinable price to the entity's key personnel. Alternatively, the Company can make a cash settlement of the difference between the pre-fixed price and the market price.

The programmes were established in the following years and comprise the following number of shares Dampskibsselskabet NORDEN A/S:

	2018	2017	2016	2015	2014	2013
Outstanding 1 January		-	52.500	36.864	36.643	36.842
Granted during the period		55.000	-	-	-	-
Exercised during the period		-	-	-	-	-
Forfeited during the period		-	-	-	-	-
Outstanding 31 December	<b>0</b>	<b>55.000</b>	<b>52.500</b>	<b>36.864</b>	<b>36.643</b>	<b>36.842</b>
Exercisable 31 December		-	-	36.864	36.643	36.842

The vesting period is 3 years for the 2013 - 2017 programmes. The exercise price is dependant upon the exercise date. The 2012 - 2013 programmes have an addition on 20 percent to the quoted price at grant date and the 2014 - 2017 programmes have an addition on 10 percent to the quoted price at grant date. All programmes have deduction of dividend payments. The exercise period is 3-6 years from grant date for the 2013 - 2017 programmes. No options granted for 2018.

With the view of hedging the obligation, the Company has acquired 101,682 shares in Dampskibsselskabet NORDEN A/S. The shares comprise the Company's portfolio of securities.

### 9 Contingent assets, liabilities and other financial obligations

2018

USD

Lease obligations under operating leases. Total future lease payments:

Within 1 year	69.131
Between 1 and 5 years	42.218
	<b>111.349</b>

Liabilities under service agreements within 1 year in the event of termination is estimated not to exceed:

3.345.303

**3.345.303**

#### Guarantee deposits

Norient Product Pool ApS has made a total of USD 905k of guarantee deposits, which is presented under cash at bank and in hand

# Notes to the Financial Statements

## 10 Related parties and group relation

### Controlling interest

Dampskibsselskabet NORDEN A/S, Copenhagen,

Basis

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Immediate parent.

### Transactions

Transactions with related parties have been carried out on arm's length.

### Consolidated financial statements

The Company is included in the consolidated financial statements of Dampskibsselskabet NORDEN A/S, Strandvejen 52, DK-2900 Hellerup, where these can be obtained.

## 11 Subsequent events

No material events have occurred after the balance sheet day.

## 12 Main activities

The object of the Norient Product Pool ApS (NPP ApS) is to perform commercial management in tanker business. This includes being commercial manager of Norient Product Pool (NPP).

NPP is a product tank pool for the participants' tonnage in the handy- and MRsize segments defined as the range from 25.000 to 55.000 dwt tonnage. At the moment, Interorient Navigation Co. Ltd. (INC) Dampskibsselskabet NORDEN A/S (NORDEN ), Hartree Partners LP and Trafigura Maritime Logistics Pte Ltd are pool participants.

Diamond S Shipping (DSS) withdrew from the pool in January 2018.