



NORDEN Product Pool ApS

CVR NO. 28 10 09 73

Strandvejen 52, 2900 Hellerup

Annual report for 2019

The annual report was presented and adopted
at the annual general meeting of the Company
on 2 July 2020

Jan Rindbo
Chairman



NORIENT
PRODUCT POOL

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Management's Statement

The Executive Board have today considered and adopted the Annual Report of Norient Product Pool ApS for the financial year 1 January – 31 December 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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

Hellerup, 2 July 2020

Executive Board

Søren Huscher
CEO

Jan Rindbo

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 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 2019, 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, 2 July 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Company Information

The Company

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DK-2900 Hellerup

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Website: www.norientpool.com

CVR No: 28 10 09 73
Financial period: 1 January - 31 December
Financial year: 15th financial year
Municipality of reg. office: Gentofte

Executive Board

Søren Huscher
Jan Rindbo

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Accounting Policies

Basis of Preparation

The Annual Report of NPP ApS for 2019 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 accounting policies applied remain unchanged from last year.

The Annual Report for 2019 is presented in USD, which is the entity's functional currency. Applied US Dollar exchange rate on the 31 December 2019: 667,20 (2018: 651,11)

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.

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.

Accounting Policies

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.

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

The company is jointly taxed with Dampskibsselskabet NORDEN A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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.

Accounting Policies

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.

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.

Accounting Policies

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	2019	2018
		USD	USD
Revenue		13,490,796	10,164,440
Other external expenses		-7,922,995	-8,318,052
Gross profit/loss		5,567,801	1,846,388
Staff expenses	1	-4,572,821	-3,932,151
Depreciation and impairment of other fixtures and fittings, tools and equipment	2	-8,697	-13,720
Profit/loss before financial income and expenses		986,283	-2,099,483
Financial income	3	21,575	10,083
Financial expenses	4	-105,759	-520,915
Profit/loss before tax		902,099	-2,610,315
Tax on profit/loss for the year	5	-170,297	592,292
Net profit/loss for the year		731,802	-2,018,023
Proposed distribution of profit			
Retained earnings		731,802	-2,018,023
		731,802	-2,018,023

Balance Sheet at 31 December

Assets

	Note	2019	2018
		USD	USD
Other fixtures and fittings, tools and equipment	6	7,465	14,952
Property, plant and equipment		7,465	14,952
Investments in debt and equity securities		0	1,442,208
Financial assets		0	1,442,208
Total fixed assets		7,465	1,457,160
Deferred tax asset		493,159	656,240
Trade receivables		1,671,504	628,462
Other receivables		314,474	385,539
Receivables		2,479,137	1,670,241
Cash at bank and in hand		19,739,667	15,433,826
Total current assets		22,218,804	17,104,067
Assets		22,226,269	18,561,227

Balance Sheet at 31 December

Liabilities and equity

	Note	2019	2018
		USD	USD
Share capital	7	91,190	91,190
Retained earnings		1,140,219	408,417
		1,231,409	499,607
Other payables		113,797	0
Non-current liabilities		113,797	0
Trade payables		11,517,464	16,604,906
Payables to group companies		7,232,264	157,569
Corporation tax		2,644	675
Other payables		2,128,691	1,298,470
Current liabilities		20,881,063	18,061,620
Liabilities		20,994,860	18,061,620
Liabilities and equity		22,226,269	18,561,227
Contingent assets, liabilities and other financial obligations	8		
Related parties and group relation	9		
Subsequent events	10		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	USD	USD	USD
Equity at 1 January 2019	<u>91,190</u>	<u>408,417</u>	<u>499,607</u>
Net profit/loss for the year	<u>0</u>	<u>731,802</u>	<u>731,802</u>
Equity at 31 December 2019	<u>91,190</u>	<u>1,140,219</u>	<u>1,231,409</u>

Notes to the Financial Statements

	2019
	USD
1 Staff expenses	
Salaries	4,261,148
Pensions	272,416
Other social security expenses	39,257
	<u>4,572,821</u>
Average number of employees	<u>29</u>
2 Depreciation and impairment of other fixtures and fittings, tools and equipment	
Other fixtures and fittings, tools and equipment	8,697
	<u>8,697</u>
3 Financial income	
Interest income	21,575
	<u>21,575</u>
4 Financial expenses	
Interest expenses	2,424
Fair value adjustment of securities	31,085
Other financial expenses	72,250
	<u>105,759</u>
5 Tax on profit/loss for the year	
Current tax for the year	7,216
Adjustments in respect of previous years	0
Deferred tax for the year	163,081
Tax of profit/loss for the year	<u>170,297</u>

Notes to the Financial Statements

6 Other fixtures and fittings, tools and equipment

Cost at 1 January	408,970
Additions for the year	1,210
Disposals for the year	0
Cost at 31 December	<u>410,180</u>
Impairment losses and depreciation at 1 January	-394,018
Depreciation for the year	-8,697
Reversal of impairment and depreciation of sold assets	0
Impairment losses and depreciation at 31 December	<u>-402,715</u>
Carrying amount at 31 December	<u>7,465</u>
Depreciated over	3-7 years

7 Equity

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 Contingent assets, liabilities and other financial obligations

	2019
	USD
Lease obligations under operating leases. Total future lease payments:	
Within 1 year	37,842
Between 1 and 5 years	3,362
	<u>41,204</u>
Liabilities under service agreements within 1 year in the event of termination is estimated not to exceed:	
	<u>7,194,723</u>
	<u>7,194,723</u>

The Group's Danish companies are jointly and severally liable for the tax of the Group's jointly taxed income etc. The total amount of corporation tax due is stated in the Annual Report of Dampskibsselskabet NORDEN A/S, which is the administration company for the joint taxation.

9 Related parties and group relation

	<u>Basis</u>
Controlling interest	
Dampskibsselskabet NORDEN A/S, Copenhagen, Denmark	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.

10 Subsequent events

Management assesses that COVID-19 will have no material impact on the financial position of the Company.

No other material subsequent events have occurred after the balance sheet date.

Notes to the Financial Statements

11 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.

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Søren Huscher

CEO

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Jan Rindbo

CEO

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Jan Rindbo

Chairman

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