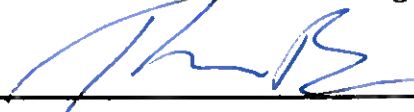


**Clipper Lines A/S
Central Business Registration No
29930570
Sundkrogsgade 19
2100 Copenhagen**

Annual report 2015

The Annual General Meeting adopted the annual report on 30.05.2016

Chairman of the General Meeting



Name: Rasmus Bo

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Entity details

Entity

Clipper Lines A/S
Sundkrogsgade 19
2100 Copenhagen

Central Business Registration No: 29930570

Registered in: Copenhagen

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Frank G. Jensen, Chairman

Henrik L. Dal

Flemming L. Steen

Executive Board

Flemming L. Steen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Clipper Lines A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.


Copenhagen, 30.05.2016

Executive Board



Flemming L. Steen

Board of Directors



Frank G. Jensen
Chairman



Henrik L. Dal



Flemming L. Steen

Independent auditor's reports

To the owner of Clipper Lines A/S

Report on the financial statements

We have audited the financial statements of Clipper Lines A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 about whether the financial statements are free from material misstatement.

An audit involves performing 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity'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 Entity'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 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 Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Independent auditor's reports

Copenhagen, 30.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No 33963556



Kim Mücke

State-Authorized Public Accountant



Bjarne Wer Jørgensen

State-Authorized Public Accountant

Management commentary

Primary activities

The Company is engaged in shipping and chartering of vessels within the liner business. The Company mainly operates services between Africa and South America.

Development in activities and finances

The financial year shows a profit of USD 328 thousand, which is considered satisfactory.

The Company is divesting its activities and in 2015, there has been limited activity in the Company.

Going concern

The Company has a negative equity at 31 December 2015. Clipper Group A/S has issued a letter of support in which it is stated that they will provide the necessary financial support to the Company.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

As the Company's functional currency is USD, the annual report has been presented using USD as the reporting currency. The exchange rate used for DKK against USD is 6.83 at December 2015 (2014: 6.12).

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Administrative expenses

Administrative expenses comprise expenses incurred for management and administration of the Company, including expenses for administrative staff and Management, stationery and office supplies.

Accounting policies

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income as well as realised and unrealised foreign exchange gains.

Other financial expenses

Other financial expenses comprise interest expenses as well as realised and unrealised foreign exchange losses.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is part of a joint taxation arrangement. Current tax is allocated among the jointly taxed companies according to the full allocation method.

Balance sheet

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income statement for 2015

	<u>Notes</u>	<u>2015 USD'000</u>	<u>2014 USD'000</u>
Administrative costs	1	59	761
Operating profit/loss		59	761
Income from investments in group enterprises		0	-247
Other financial income		0	1
Other financial expenses		-1	-10
Profit/loss from ordinary activities before tax		58	505
Tax on profit/loss from ordinary activities	2	270	73
Profit/loss for the year		328	578
Proposed distribution of profit/loss			
Retained earnings		328	578
		328	578

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 USD'000</u>	<u>2014 USD'000</u>
Trade receivables		0	18
Receivables from group enterprises		1.986	1.722
Other short-term receivables		0	6
Receivables		<u>1.986</u>	<u>1.746</u>
Cash		<u>14</u>	<u>76</u>
Current assets		<u>2.000</u>	<u>1.822</u>
Assets		<u>2.000</u>	<u>1.822</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 USD'000</u>	<u>2014 USD'000</u>
Contributed capital	3	901	901
Retained earnings		<u>-2.252</u>	<u>-2.580</u>
Equity		<u>-1.351</u>	<u>-1.679</u>
Trade payables		92	99
Debt to group enterprises		3.053	2.757
Other payables	4	<u>206</u>	<u>645</u>
Current liabilities other than provisions		<u>3.351</u>	<u>3.501</u>
Liabilities other than provisions		<u>3.351</u>	<u>3.501</u>
Equity and liabilities		<u>2.000</u>	<u>1.822</u>
Contingent assets	5		
Contingent liabilities	6		
Assets charged and collateral	7		
Consolidation	8		

Statement of changes in equity for 2015

	Contributed capital USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	901	-2.580	-1.679
Profit/loss for the year	0	328	328
Equity end of year	901	-2.252	-1.351

Notes

1. Administrative expenses

Apart from the Executive Board, the Company has had no employees. The Board of Directors and Executive Board have not received remuneration in the financial year.

The Company's commercial management and administration is handled by group related companies.

In 2013, the Company recorded a liability of USD 2,000 thousand to cover the costs relating to close down, of which a proportion is reversed in 2015.

	<u>2015</u> <u>USD'000</u>	<u>2014</u> <u>USD'000</u>
2. Tax on ordinary profit/loss for the year		
Current tax	0	270
Change in deferred tax for the year	0	-343
Adjustment relating to previous years	-270	0
	<u>-270</u>	<u>-73</u>

	<u>Number</u>	<u>Nominal value</u> <u>USD'000</u>
3. Contributed capital		
Ordinary shares	5.350	901
	<u>5.350</u>	<u>901</u>

	<u>2015</u> <u>USD'000</u>	<u>2014</u> <u>USD'000</u>	<u>2013</u> <u>USD'000</u>	<u>2012</u> <u>USD'000</u>	<u>2011</u> <u>USD'000</u>
Changes in contributed capital					
Contributed capital beginning of year	901	901	883	883	883
Increase of capital	0	0	18	0	0
Contributed capital end of year	<u>901</u>	<u>901</u>	<u>901</u>	<u>883</u>	<u>883</u>

Notes

4. Other short-term payables

	2015	2014
	USD'000	USD'000
Insurance and claims	0	13
Accrued to cover close down costs	203	628
Miscellaneous expenses payable	3	4
	206	645

5. Contingent assets

The Company has made claims in various legal proceedings in which income will be recognized concurrently with amounts eventually being awarded and paid.

6. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Clipper Group Ltd. serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

7. Assets charged and collateral

Assets totalling USD 1,785 thousand that regard receivables from group enterprises have been pledged as security for the Group's loan.

The Company has joined the refinancing agreement for Clipper Group Ltd. As co-signatory, the Company guarantees towards the lenders in the agreement to meet other group enterprises' contractual obligations in accordance with the refinancing agreement.

Notes

8. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

The ultimate Parent, Clipper Group Ltd., Pineapple Grove, Unit 3, Old Ford Bay, Nassau, Bahamas, does not publish its financial statements.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Clipper Lines A/S is included in the consolidated financial statements of Clipper Group A/S, Central Business Registration No 29 89 18 18.