

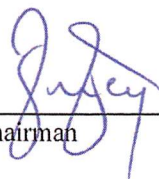
GAC Nordic A/S

**Slotsmarken 10
2970 Hørsholm**

CVR no. 31 17 75 96

Annual report 2015

The annual report was presented and
adopted at the annual general meeting of
the Company on 5 May 2016



Chairman

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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 GAC Nordic A/S for the financial year 1 January - 31 December 2015.

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 assets, liabilities and financial position at 31 December 2015 and of the result of the Company's operations for the financial year 1 January - 31 December 2015.

In our opinion, the Management's review includes a fair review of the development in the Company's operations and financial conditions, the results for the year and the Company's financial position.

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

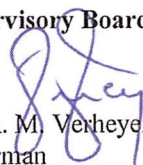
Hørsholm, 5 May 2016

Executive Board

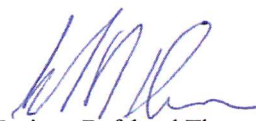
Enrique Refslund Thomsen

Supervisory Board

Ivo R. M. Verheyen
Chairman



Tommy Bo-Håkan Wester



Enrique Refslund Thomsen



KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Telephone 70707760
www.kpmg.dk
CVR no. 25578198

Independent auditor's report

To the Shareholder of GAC Nordic A/S

Independent auditor's report on the financial statements

We have audited the financial statements of GAC Nordic A/S for the financial year 1 January - 31 December 2015. The financial statements comprise 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 that 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 as to 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 judgement, 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 opinion.

Our audit has not resulted in any qualification.



Independent auditor's report

Opinion

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

Emphasis of matter

Without modifying our opinion, we draw attention to note 1 in which Management describes the capital resources of the Company. It is stated that the Company is financed by credit lines in banks and by loans from other companies in the GAC Group and that the GAC Group has confirmed its intention to continue to provide sufficient funding as long as the Company is included in the GAC Group to enable the Company to continue its activities in 2016. The Company is subject to the provisions on capital loss as stated in section 119 of the Danish Companies Act as more than half of the Company's share capital has been lost.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. 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's review is consistent with the financial statements.

København, 5 May 2016

KPMG

Statsautoriseret Revisionspartnerselskab

Per Ejning Olsen
statsaut. revisor

Management's review

Company details

Company	GAC Nordic A/S Slotsmarken 10 2970 Hørsholm Denmark
	CVR no.: 31 17 75 96
	Financial year: 1 January - 31 December
	Registered office: Hørsholm

Supervisory Board	Ivo R. M. Verheyen, Chairman Tommy Bo-Håkan Wester Enrique Refslund Thomsen
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Executive Board	Enrique Refslund Thomsen
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Auditor	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø Denmark
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General meeting	The annual general meeting is held on 5 May 2016 at the Company's address.
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Financial statements 1 January - 31 December

Management's review

Core activity

The Company and its subsidiaries are engaged in the transportation sector focusing on liner agency business and related activities, for instance project shipping, port agency and logistics.

The Company and its subsidiaries are part of the GAC Group, which is an international group with more than 10,000 employees which provides integrated solutions within shipping, logistics, marine and related services to customers on the global market. The Group's headquarter is at Gulf Agency Company Ltd. in Dubai in the United Arab Emirates.

Development in the year

The income statement of the Company for 2015 showed a loss of DKK 3,848 thousand and at 31 December 2015 the balance sheet of the Company shows equity of DKK -33,104 thousand.

Capital resources

GAC Nordic A/S and its subsidiaries are included in the GAC Group and are financially interrelated. The companies are funded by credit facilities in banks and by loans granted by other companies within the GAC Group.

The companies saw a loss for 2014 and 2015, and it is expected that the companies will also experience a challenging 2016 resulting in losses, and the future optimum financing of the activities is still discussed with the GAC Group. Under the assumption that the companies are still included in the GAC Group, other companies in the GAC Group have confirmed their intention to continue to provide financial support so that the companies can continue their activities in 2016.

Management expects that the existing credit lines and loans as well as the confirmation from the GAC Group of the intention to continue to support the companies financially provide a sufficient basis for preparing the financial statements under the going concern assumption.

In 2015, the Company received a subordinated loan of DKK 28 million which has been used to repay short-term intercompany loans. The loan will be subordinated to other creditors.

The subordinated loan carries an interest of CIBOR 6 months + 3% p.a. and falls due upon request, but not completely or partly until the Company's equity is positive.

There are no significant changes in GAC Nordic A/S or the Group's capital resources after 31 December 2015.

Financial statements 1 January - 31 December

Management's review

Uncertainty relating to recognition and measurement

Recognition and measurement of deferred tax assets and receivables and uncompleted transports are subject to uncertainty and estimates. Due to uncertainties in the market situation for the company, including time of utilization of the deferred tax asset, there is not recognised any deferred tax asset as of 31 December 2015 (31 December 2014: DKK 0) Receivables and uncompleted transports are recognised based on estimated net realization value as of 31 December 2015.

Subsequent events

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

Financial statements 1 January - 31 December

Income statement

	Note	2015 DKK'000	2014 DKK'000
Gross profit		12,769	12,018
Staff costs	2	-10,657	-10,040
Other external costs		-2,211	-4,622
Depreciation of property, plant and equipment	3	23	-95
Profit/loss before financial income and expenses		-76	-2,739
Loss from investments in subsidiaries		-2,880	-5,616
Financial income	4	77	846
Financial costs	5	-1,021	-1,393
Profit/loss before tax		-3,900	-8,902
Tax on profit/loss for the year		0	0
Profit/loss for the year		-3,900	-8,902
Retained earnings		-3,900	-8,902
		-3,900	-8,902

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2015</u> DKK'000	<u>2014</u> DKK'000
Assets			
Other fixtures and fittings, tools and equipment		177	37
Tangible assets	6	<u>177</u>	<u>37</u>
Investments in subsidiaries	7	2,067	2,761
Deposits		75	75
Investments		<u>2,142</u>	<u>2,836</u>
Non-current assets		<u>2,319</u>	<u>2,873</u>
Trade receivables		7,211	12,489
Receivables from subsidiaries		1,177	837
Other receivables		504	433
Prepayments		19	0
Accrued income		69	0
Receivables		<u>8,980</u>	<u>13,759</u>
Cash at bank and in hand		<u>1,509</u>	<u>1,671</u>
Total current assets		<u>10,489</u>	<u>15,430</u>
Total assets		<u><u>12,808</u></u>	<u><u>18,303</u></u>

Financial statements 1 January - 31 December

Balance sheet

	Note	2015 DKK'000	2014 DKK'000
Equity and liabilities			
Share capital		800	800
Retained earnings		-33,956	-30,056
Total equity	8	-33,156	-29,256
Other provisions		3,547	673
Total provisions		3,547	673
Subordinate loan capital		28,000	26,500
Long-term debt		28,000	26,500
Credit institutions		7,496	43
Trade payables		3,827	11,272
Payables to subsidiaries		1,343	3,873
Other payables		1,751	2,156
Deferred income		0	3,042
Short-term debt		14,417	20,386
Total debt		42,417	46,886
Total equity and liabilities		12,808	18,303
Capital resources	1		
Contingent assets, liabilities and other financial obligations	9		
Related parties and ownership	10		

Financial statements 1 January - 31 December

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK'000	DKK'000	DKK'000
Equity at 1 January 2015	800	-30,056	-29,256
Net profit/loss for the year	0	-3,900	-3,900
Equity at 31 December 2015	800	-33,956	-33,156

	Share capital	Retained earnings	Total
	DKK'000	DKK'000	DKK'000
Equity at 1 January 2014	800	-21,154	-20,354
Net profit/loss for the year	0	-8,902	-8,902
Equity 31. december 2014	800	-30,056	-29,256

Financial statements 1 January - 31 December

Notes

1 Capital resources

GAC Nordic A/S and its subsidiaries are included in the GAC Group and are financially interrelated. The companies are funded by credit facilities in banks and by loans granted by other companies within the GAC Group.

The companies saw a loss for 2014 and 2015, and it is expected that the companies will also experience a challenging 2016 resulting in losses, and the future optimum financing of the activities is still discussed with the GAC Group. Under the assumption that the companies are still included in the GAC Group, other companies in the GAC Group have confirmed their intention to continue to provide financial support so that the companies can continue their activities in 2016.

Management expects that the existing credit lines and loans as well as the confirmation from the GAC Group of the intention to continue to support the companies financially provide a sufficient basis for preparing the financial statements under the going concern assumption.

In 2015, the Company received a subordinated loan of DKK 28 million which has been used to repay short-term intercompany loans. The loan will be subordinated to other creditors.

The subordinated loan carries an interest of CIBOR 6 months + 3% p.a. and falls due upon request, but not completely or partly until the Company's equity is positive.

There are no significant changes in GAC Nordic A/S or the Group's capital resources after 31 December 2015.

	2015 DKK'000	2014 DKK'000
2 Staff costs		
Wages and salaries	9,708	9,104
Pensions	882	882
Other social security costs	67	54
	<u>10,657</u>	<u>10,040</u>
Average number of employees	<u>21</u>	<u>21</u>

Financial statements 1 January - 31 December

Notes

	<u>2015</u> DKK'000	<u>2014</u> DKK'000
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation tangible assets	36	95
Gain/loss on disposal	<u>-59</u>	<u>0</u>
	<u>-23</u>	<u>95</u>
4 Financial income		
Interest received from subsidiaries	0	156
Other financial income	0	11
Exchange gains	<u>77</u>	<u>679</u>
	<u>77</u>	<u>846</u>
5 Financial costs		
Interest paid to subsidiaries	777	1,078
Other financial costs	244	132
Exchange loss	<u>0</u>	<u>183</u>
	<u>1,021</u>	<u>1,393</u>

Financial statements 1 January - 31 December

Notes

6 Tangible assets

	Other fixtures and fittings, tools and equipment
	DKK'000
Cost at 1 January 2015	5,216
Additions for the year	200
Disposals for the year	-130
Cost at 31 December 2015	<u>5,286</u>
Depreciation at 1 January 2015	5,179
Depreciation for the year	46
Reversal of depreciation of sold assets at 31 December 2015	<u>-116</u>
Carrying amount at 31 December 2015	<u><u>177</u></u>

Financial statements 1 January - 31 December

Notes

	2015 DKK'000	2014 DKK'000
7 Investments in subsidiaries		
Cost at 1 January	26,069	21,540
Additions for the year	2,139	4,529
Cost at 31 December	<u>28,208</u>	<u>26,069</u>
Impairment losses at 1 January	-23,308	-18,329
Impairment losses for the year	-2,833	-4,979
Impairment losses at 31 December	<u>-26,141</u>	<u>-23,308</u>
Carrying amount at 31 December 2015	<u><u>2,067</u></u>	<u><u>2,761</u></u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Joship AB	Sweden	100%
GAC Sweden AB	Sweden	100%
Scanweco Fragtmeglerne AS	Norway	100%
Seven Seas OY	Finland	100%

8 Equity

The share capital consists of 8,000 shares of a nominal value of DKK 8,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Financial statements 1 January - 31 December

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9 Contingent assets, liabilities and other financial obligations

The Company have no mortgages.

As co-obligor, the Company is jointly and severally liable together with its subsidiary for a joint credit facility in a credit institute with a credit facility of DKK 10,500 thousand.

The company has, through credit institute, provided payment guarantees in connection with the operation of the company for a total of DKK 391 thousand.

The Company has signed a rent agreement with a commitment for DKK 1,705 thousand.

The Company has signed lease agreements with a total commitment of DKK 281 thousand.

10 Related parties and ownership

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

GAC Shipping (UK) Limited
2A Gateway Business Park
Deancross Road
Grangemouth
FK3 8WK
England

Financial statements 1 January – 31 December

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10. Accounting policies

The annual report of GAC Nordic A/S for 2015 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act. The new Danish Financial Statements Act implemented ahead of schedule

Changes in accounting policies

The Company has changed its accounting policies regarding invest in subsidiaries from equity to cost method. The change was made in order to instructions from group to align the accounting police in the group.

The changed accounting policies did not affected profit total assets or equity at 31 December 2015. The comparative figures have been restated to reflect the changed accounting policies.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last 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 are translated using the exchange rate at the balance sheet date. Exchange rate differences between the rate at the transaction date and the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

According to section 32 in the Danish Financial Statements Act, the Company has decided to only present gross profit.

Revenue

Revenue comprises commission, etc., from sale of shipping services as well as revenue from shipping, logistics and other transport activities. Revenue is recognised net of VAT, duties and sales discount.

Revenue is recognised in the income statement at the time of earning the commission, etc., and, for other transport activities, when the service is rendered and the risk has passed.

Financial statements 1 January – 31 December

Notes

11 Accounting policies

The annual report of GAC Nordic A/S for 2015 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act. The company has with effect from 1. January 2015 ahead of schedule implemented Act no. 738 of 1 June 2015.

Changes in accounting policies

The Company has changed its accounting policies regarding invest in subsidiaries from equity to cost method. The change was made in order to instructions from group to align the accounting police to those used in the GAC Group.

The changed accounting policies did not have significant impact on the profit for 2014 and 2015, total assets or equity at 31 December 2014 and 2015. The comparative figures have been restated to reflect the changed accounting policies.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last 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 are translated using the exchange rate at the balance sheet date. Exchange rate differences between the rate at the transaction date and the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

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Revenue

Revenue comprises commission, etc., from sale of shipping services as well as revenue from shipping, logistics and other transport activities. Revenue is recognised net of VAT, duties and sales discount.

Revenue is recognised in the income statement at the time of earning the commission, etc., and, for other transport activities, when the service is rendered and the risk has passed.

Revenue and cost of sales are recognised in the income statement when transfer of risk has taken place.

Financial statements 1 January – 31 December

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Costs of sales

Cost of sales comprise all costs incurred to provide shipping services, logistics and other transportation activities.

Staff cost

Staff cost comprises salaries and wages as well as social security cost, pension contributions, etc., for the Company's staff.

Other operating costs

Other operating expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, management fee, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expenses and realised and unrealised capital gains and losses regarding transactions in foreign currencies.

Tax on profit/loss for the year

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 directly attributable to the profit for the year and recognised directly in equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for tax from previous years' income and prepaid tax.

Balance sheet

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, energy consumption, staff and depreciation of machinery used.

Interest expenses on loans to finance the production of property, plant and equipment which relate to the production period are included in cost. All other borrowing costs are recognised in the income statement.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Financial statements 1 January – 31 December

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The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Leasehold improvements	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Non-current assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries

Investment in subsidiaries and associates are measured at cost. In case of impairment indicators impairment test I performed. Where the cost exceeds the net realisable value, the carrying amount is reduced to such lower value.

Receivables

Receivables are measured at amortized cost, which usually correspond to nominal value. Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. Write-down is made to expected net realisable value based on a concrete assessment.

Prepayments

Prepayments recognised under current assets comprise cost incurred concerning subsequent reporting years.

Financial liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

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Corporation tax and deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax based value of assets and liabilities, for which the tax based value of assets is calculated based on the planned use of each asset.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the, liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated fair value, either as a set off against deferred tax liabilities or as net tax assets.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be settled as current tax. Changes in deferred tax resulting changed tax rates are recognised in the income statement.

Provisions

Subsidiaries with a negative equity value are measured at zero value, is the remaining amount is recognised under provisions if the parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.