

UltraShip ApS

Smakkedalen 6, 2820 Gentofte

Annual report 2015

Date:

31 March 2016

Chairman of the meeting:

Carsten Haagensen

CVR-nr./CVR no. 32 33 39 23

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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 UltraShip ApS for the financial period 1 January 2015 – 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 financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2015.


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.

Gentofte, 25 February 2016


Executive Board:


Anders H. Rasmussen


Martin Bork

Board of Directors:


Carsten Haagensen
Chairman


Dag Von Appen Burose


Enrique Reinaldo Ide
Valenzuela

Independent auditors' report

To the shareholders of UltraShip ApS

Independent auditors' report on the financial statements

We have audited the financial statements of UltraShip ApS for the financial period 1 January– 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement 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.

Auditors' 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 auditors' 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 auditors consider 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.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations and cash flows for the financial period 1 January– 31 December 2015 in accordance with the Danish Financial Statements Act.

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 other 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.

Copenhagen, 25 February 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR-no. 30700228



Torben Bender
State Authorised
Public Accountant



Thomas Bruun Kofoed
State Authorised
Public Accountant

Management's review

Company details

UltraShip ApS
Smakkedalen 6, 2820 Gentofte, Denmark
Telephone: +45 6996 2110
Website: www.UltraShip.dk
CVR no.: 32 33 39 23
Established: 7 February 2014
Registered office: Gentofte, Denmark
Financial year: 1 January - 31 December

Board of Directors

Carsten Haagensen, Hellerup, Denmark – *Chairmann*
Dag Karl Albert Von Appen Burose, Santiago, Chile
Enrique Reinaldo Ide Valenzuela, Santiago, Chile

Executive Board

Anders Hallund Rasmussen, CEO
Martin Bork, COO

Auditors

Ernst & Young
Godkendt revisionspartnerselskab
Osvold Helmuths Vej 4
P.O. Box 250
DK-2000 Frederiksberg

Annual general meeting

The annual general meeting is to be held on 31 March 2016.

Management's review

Operating review

Principal activities

The object for UltraShip ApS is primarily to perform technical management for Ultragas' fleet of LPG carriers as well as technical supervision, including new buildings and projects, for Ultragas ApS and affiliated companies within the Ultrana Group.

Performance and result for the year

UltraShip ApS was established on the 7 February 2014 as a subsidiary of Ultragas ApS for the purpose of performing technical management for Ultragas' fleet of gas carriers.

Further 9 gas carriers were transferred to UltraShip ApS in 2015 bringing the total number of gas carriers in technical management to 13 by the end of the year. It is envisaged that another 7 gas carriers will be transferred in 2016 which include 4 new buildings from STX in Korea. The vessels are managed at a high standard and entered with first class flag states, including DIS and with recognized classification societies of which Lloyds is the predominant.

UltraShip ApS is aware of the environmental consequences of trading ships and has developed various systems to ensure an environmental friendly operation. During 2015 a system was introduced to monitor fuel and speed performance of the fleet with the view of reducing emission most possible. In addition frequency controlled pumps have been installed to prevent excessive and unnecessary power consumption. Other initiatives to ensure correct trim of the vessels have also been implemented and resulted in considerable fuel savings.

UltraShip ApS is acting as Ultragas ApS new building supervisor and has during 2015 assisted in the building and delivery of 4 new building from STX in Korea and will likewise supervise for the remaining 4 new buildings for delivery in 2016. UltraShip ApS is further appointed by the Unigas' partners to be the technical leader for the six 12.000 cbm Ethylene carriers on order from STX in Korea. Two of these vessels have been ordered by Ultragas ApS.

The affiliated company Ultrabulk Shipholding A/S has further appointed UltraShip ApS as technical adviser, which amongst others tasks include the monitoring of external ship managers for their owned bulk fleet, new building supervision and the technical operation of the chartered fleet.

UltraShip ApS has together with other technical management companies with the Ultrana group been cooperating on establishing possible synergies particular in relation to procurement, which so far has resulted in considerable costs saving in respect of class, paint, lubrication oil and main engine spare parts. These efforts have also included ERP systems meaning that the group will be working on same IT platforms, which will provide considerable overall costs savings and uniformity within the group.

The result for the year amounted to a loss of USD 1,602 thousand, where the loss mainly relates to start-up costs.

Management's review

UltraShip ApS has received an intra-group contribution of USD 1,600 thousand from the parent company Ultragas ApS. Subsequently, the equity amounted to USD 176 thousand at 31 December 2015.

Health, safety and environment

UltraShip ApS is focused on safe operation of the fleet and to ensure a healthy working environment for all employees. The safety and well-being of the employees has the highest priority and the Company aim to continuously improve and enhance safety, healthy and high quality working conditions.

Human capital is a core asset and it is important for the Company to keep qualified and motivated employees. People and safety are core values of the Company. This is reflected in all policies and procedures and common safety culture for both sea and shore has been introduced. UltraShip ApS will continue to work on improving the safety culture onboard and ashore.

The Company will continue to have focus on environment issues and through close fleet performance monitoring ensure optimum operation with the view of reducing the fleet's emission. Attention is also given to necessary systems and equipment impacting the environment.

The Company has not prepared an own policy for social responsibility.

Outlook

UltraShip ApS will continue to work on improve the technical operation of the fleet to achieve a safe and efficient operation of the fleet and strong focus will remain on safety, crew performance, cargo operation and costs ensuring high standard ship management at competitive costs.

Management expects positive earnings once the remaining Ultragas fleet has been transferred by the end of 2016 and the parent company Ultragas ApS will in the meantime provide financial support to the UltraShip ApS.

Subsequent events

The Happy Condor was transferred to UltraShip ApS management on the 9. February 2016. No other significant events have occurred after the balance sheet date that materially affects the financial position of the Company.

Financial statements for the period 1 January–31 December

Accounting policies

The annual report of UltraShip ApS for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act. The Company has voluntarily prepared a cash flow statement.

The company's business is primarily based on the US Dollar. All income in the form of technical management fee and other service fees is in US Dollar. Based on this, the company has designated the US Dollar its functional and reporting currency. Consequently, amounts are recognized in US Dollar.

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

Income

Income is technical management fee earned from vessels owned by the Group as well as other income related to technical supervision to companies within the Group.

Administrative and Staff costs

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, 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 relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements for the period 1 January – 31 December

Accounting policies

The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Property, plant and equipment

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment 3-5 years

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Financial statements for the period 1 January – 31 December

Accounting policies

Equity – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

UltraShip ApS is jointly taxed with the ultimate parent company UltranaV ApS and the ultimate parent company is the administration company for the jointly taxed companies. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In relation to the operating activities UltraShip ApS participates in the Danish Tonnage Tax Scheme. Companies that use tax losses in other companies pay the joint tax contribution to the parent company at an amount corresponding to the tax value of the tax losses used. Companies whose tax losses are used by other companies receive joint tax contributions from the parent company corresponding to the tax value of the losses used (full absorption). The jointly taxed companies are taxed under the tax prepayment scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement. Tax attributable to entries directly under comprehensive income is recognised directly in equity.

Liabilities other than provisions

Financial liabilities which comprises of trade payable and payables to associated companies 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, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Financial statements for the period 1 January –31 December

Income statement

USD'000	Note	2015	2014
Income		2,917	546
Administrative expenses		-1,768	-2,427
Staff costs	1	-2,686	-2,006
Operating loss before depreciation		-1,537	-3,887
Depreciation	5	-31	-28
Operating loss		-1,568	-3,915
Financial income	2	26	0
Financial expenses	3	-22	-61
Loss before tax		-1,564	-3,976
Tax on loss for the year	4	-38	-5
Loss for the year		-1,602	-3,981
Proposed allocation of loss			
Retained earnings		-1,602	-3,981
		<u>-1,602</u>	<u>-3,981</u>

Financial statements for the period 1 January –31 December

Balance sheet

USD'000	Note	2015	2014
ASSETS			
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		109	140
		<u>109</u>	<u>140</u>
Current assets			
Receivables			
Receivables to related party	7	355	0
Other receivables		49	50
Prepaid expenses		3	3
		<u>407</u>	<u>53</u>
Cash at bank and in hand		<u>445</u>	<u>378</u>
Total current assets		<u>852</u>	<u>431</u>
TOTAL ASSETS		<u><u>961</u></u>	<u><u>571</u></u>

Financial statements for the period 1 January – 31 December

Balance sheet

USD'000	Note	2015	2014
EQUITY AND LIABILITIES			
Equity			
Share capital	6	9	9
Retained earnings		167	169
Total equity		<u>176</u>	<u>178</u>
Current liabilities other than provisions			
Debt to related party	7	3	144
Trade payables		0	49
Other payables		740	195
Corporate tax		42	5
		<u>785</u>	<u>393</u>
Total liabilities other than provisions		<u>785</u>	<u>393</u>
TOTAL EQUITY AND LIABILITIES		<u><u>961</u></u>	<u><u>571</u></u>
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Financial statements for the period 1 January –31 December

Statement of changes in equity

USD'000	Share capital	Retained earnings	Total
Equity at 7 February 2014	-	-	-
Paid in capital	9	0	9
Intra-group contribution	0	4,150	4,150
Transferred, cf. allocation of loss	0	-3,981	-3,981
Equity at 31 December 2014	9	169	178
Equity at 1 January 2015	9	169	178
Intra-group contribution	0	1,600	1,600
Transferred, cf. allocation of loss	0	-1,602	-1,602
Equity at 31 December 2015	9	167	176

Financial statements for the period 1 January –31 December

Cash flow statement

USD'000	2015	2014
Loss before tax	-1,564	-3,976
Depreciation and amortisation	31	28
Interest expense	3	12
Changes in working capital:		
Other receivables and prepaid expenses	1	-54
Trade and other payables	495	77
Debt to related party	-496	144
Cash flows from operating activities	-1,530	-3,769
Paid in capital	0	9
Intra-group contribution	1,600	4,150
Interest paid	-3	-12
Cash flows from financing activities	1,597	4,147
Net cash flows for the year	67	378
Cash and cash equivalents at 1 January	378	-
Cash and cash equivalents at 31 December	445	378

Financial statements for the period 1 January –31 December

Notes to the financial statements

USD'000	2015	2014
1 Personnel expenses		
Wages and salaries	2,421	1,824
Pensions	246	166
Other social security costs	19	15
	<u>2,686</u>	<u>2,006</u>
Average number of full-time employees	<u>19</u>	<u>12</u>
2 Financial Income		
Foreign exchange income	26	0
	<u>26</u>	<u>0</u>
3 Financial expenses		
Interests to related parties	19	49
Foreign exchange losses	0	11
Other financial cost	3	1
	<u>22</u>	<u>61</u>
4 Tax		
Current tax for the year	38	5
	<u>38</u>	<u>5</u>
5 Property, plant and equipment		
Fixtures and fittings, tools and equipment		
Cost at 1 January/7 February	168	0
Addition	0	168
Cost at 31 December	<u>168</u>	<u>168</u>
Depreciation at 1 January/7 February	-28	0
Depreciation	-31	-28
Depreciation at 31 December	<u>-59</u>	<u>-28</u>
Carrying amount at 31 December	<u>109</u>	<u>140</u>
Depreciation for the year	-31	-28
Gain on sale of assets	-	-
Depreciations included in Income statement	<u>-31</u>	<u>-28</u>

Financial statements for the period 1 January –31 December

Notes to the financial statements

6 Share capital

The share capital comprises 5,000 shares of DKK 10 each. All shares rank equally.

7 Related party disclosures

UltraShip ApS is a wholly owned subsidiary of Ultragas ApS, which is a part of Navieras UltranaV Ltda. group located in El Bosque Norte 500, Piso 20 Las Condes, Santiago, Chile.

Parties exercising control

Parties exercising control is associated companies of UltranaV Group, management in UltraShip ApS and associated companies in which the above have significant influence.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

Ultragas ApS, Smakkedalen 6, 2820 Gentofte, Denmark

The consolidated financial statement of UltranaV ApS is available at the Company's address.

USD'000	Related party	Type of transaction	Sale	Sale	Amounts	Amounts
			to/from related	to/from related	owed by/(to) related	owed by/(to) related
			2015	2014	2015	2014
	Ultragas ApS	Tech. management	2,790	356	0	0
	Ultragas ApS	Purchase/funding	1,600	4,150	298	-0
	Ultragas ApS	Interest	-19	-49	-	-
	Ultrabulk Shipping A/S	Tech. supervision	127	180	-1	-5
	UltranaV Business Support ApS	Administration	-833	-843	34	-139
	P.E.P Shipping A/S	Administration	-2	0	-2	0
	Ultrabulk Shipholding Singapore	Administration	3	0	3	0
	Naviera UltranaV Ltd	Administration	0	0	17	0
	Administradora Humboldt	Administration	3	0	3	0

8 Disclosure of events after the balance sheet date

No significant events have occurred after the balance sheet date that materially affects the financial position of the company.

Financial statements for the period 1 January –31 December

Notes to the financial statements

9 Contingent liabilities

The company is jointly taxed with other companies in the Ultronav Group. The companies are jointly and unlimited liability for Danish corporation tax and withholding taxes on dividends, interest and royalties in the joint taxation. Any subsequent corrections of taxable joint taxation of income or withholding taxes on dividends, etc. could lead to companies' liability constitutes a larger amount. The group as a whole shall not be liable towards others.

The Group's Danish companies are jointly and severally liable for the joint registration of VAT.

10 Going concern

The Company has received support of TUSD 1,600 from the parent company to re-establish the negative equity. Management expects positive earnings when the remaining Ultragas fleet has been taken over. Until then, the parent company Ultragas ApS has confirmed to provide financial support to the Company. The commitment expires on 31 December 2016.