Ultranav Denmark ApS

Smakkedalen 6
2820 Gentofte

Annual Report 2016

Adopted on the Annual General meeting of shareholders.

20 March 2017

Sidsel Bromose

Chairman

CVR no. 32949541

Contents

Statement by the Board of Directors and Executive Management

The Board of Directors and Executive management have prepared the 2016 Annual Report. The Annual Report was considered and adopted today.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate and the accounting estimates made reasonable, and in our opinion the consolidated financial statements and the financial statement of the parent company provide the relevant information for assessing the financial position of the Group and the parent company. In our opinion the consolidated financial statements and the financial statement of the parent company give a true and fair view of the assets, liabilities and financial position of the Group and the parent company, the results of the Group's and the parent company's operation as well as the consolidated cash flow for the period 1 January - 31 December 2016.

In our opinion the Management's review in the following pages gives a true and fair presentation of the development in the activities and the financial position of the Group and the parent company, the results for the year and of the Group's and the parent company's financial position in general. Further, in our opinion the Management's review describes the most significant risks and uncertainties that may affect the Group and the parent company.

We recommend that the Annual Report is adopted at the annual general meeting.

Copenhagen, 9 March 2017

Executive Management:

Carsten Haagensen

Board of Directors:

Dag von Appen
Chairman

Carsten Haagensen

Enrique Reinaldo
Ide Valenzuela

Independent auditor's report

To the shareholders of Ultranav Denmark ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Ultranav Denmark ApS for the financial year 1 January – 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the parent company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the parent company at 31 December 2016 and of the results of the Group's and parent company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and 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 consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the parent company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 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 consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 Group's and the Parent 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 consolidated financial statements and the parent company 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 Group's and the Parent 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 9 March 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender	Thomas Bruun Kofoed
State Authorised	State Authorised
Public Accountant	Public Accountan

Management review

Information about the company

Ultranav Denmark ApS
Smakkedalen 6
2820 Gentofte

CVR-no.:	32949541
Date of foundation:	1 June 2010
Domicile:	Gentofte

Board of Directors:

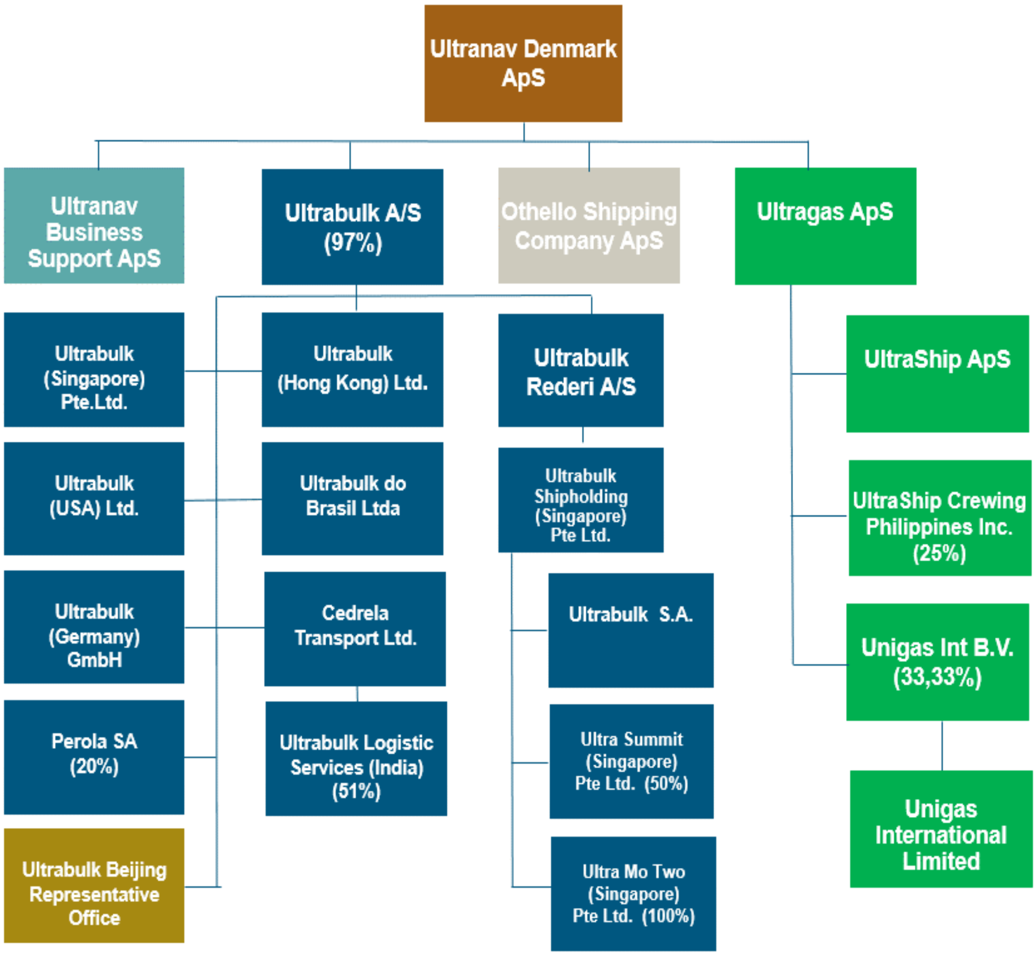
Dag von Appen, *Chairman*
Carsten Haagensen
Enrique Reinaldo Ide Valenzuela

Management

Carsten Haagensen, *CEO*

Auditors
Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
Postboks 250
2000 Frederiksberg

Management review
Group Structure



Management review
Key Figures

	2016	2015	2014	2013	2012
KEY FIGURES (USD '000)					
Revenue	706.875	790.404	980.893	978.669	768.812
Gross profit (Net earnings from shipping activites)	22.697	48.309	40.916	48.051	55.617
Operating profit (EBIT)	-15.366	10.077	-583	2.385	6.728
Net financials	-39	-2.198	-2.440	-1.818	-2.338
Net profit/(loss)	**-16.849**	**6.739**	**-3.941**	**438**	**4.390**
Profit/(loss) for the year for the Ultranav Denmark Shareholders	-16.772	7.136	-3.309	316	3.587
Total assets	311.118	337.570	340.032	335.890	298.643
of this invested in tangible assets	53.345	58.400	33.398	24.320	64.616
Equity	**121.822**	**132.139**	**122.867**	**143.889**	**130.668**
Cash flow from operating activities	6.785	21.548	-6.491	25.667	80.231
Cash flow from investing activities	-4.447	-15.970	-4.624	11.693	-4.346
Cash flow form financing activities	-5.303	12.991	16.340	7.419	-55.238
Total cash flow	**-2.965**	**18.569**	**5.225**	**44.779**	**20.647**
Financial ratios					
Profit margin	-2,17	1,27	-0,06	0,24	0,88
Return of invested capital	-28,80	17,26	-1,74	9,80	10,41
Gross profit margin	3,21	6,11	4,17	4,91	7,23
Equity ratio	39,16	39,32	36,39	42,84	43,80
Return of equity	-13,27	5,29	-2,95	0,32	2,90
USD/DKK rate year-end	705,28	683,00	612,14	541,27	565,91
Average USD/DKK rate	673,27	672,68	561,90	561,60	579,72

The financial ratios were computed in accordance with "Recommendations and Financial Ratios 2015" issued by the Danish Finance Society.

Re. 2012: Cash flow from operating activities totaled USD 83.7 million which was primarily related to the transfer of ownership of the Ultrabulk Handy-size unit. Adjusted for same the cash flow from operating activities in 2012 amounted to USD 13.3 million. Cash flow from financing activities consequently totaled USD -58.1 million mainly due to repayment of intercompany loan of USD 38.5 million, and paying out dividend of USD 19.8 million to the shareholders of Ultrabulk S.A. prior to the business combination with Ultrabulk Shipping A/S.

Main Activities of the Ultranav Denmark ApS Group

Ultranav Denmark ApS is the holding company for the activities in Ultrabulk A/S Group, Ultragas ApS Group, Ultranav Business Support ApS, and Othello Shipping Company ApS.

Ultranav Denmark ApS is a subsidiary of Naviera Ultranav Limitada, Santiago, Chile.

The main activities of the Group are ship owning and ship operating activities with a main focus on dry bulk activities within the MPP, Handy, Supramax, and Panamax segments and transport of liquid gas products in pressurized as well as semi-refrigerated gas carriers with a carrying capacity of up to 22,000 cbm.

Bulk activities

During 2016 Ultrabulk A/S operated on average 123 bulk carriers from its head office in Copenhagen and chartering and/or operating offices in Hamburg, New York, Rio de Janeiro, Santiago, Singapore, and Hong Kong.

Ultrabulk A/S' core fleet of owned and long-term chartered vessels grew by 9 units during the year to 40 units as of the end of 2016. Another 8 vessels – a combination of owned and long-term chartered units – will be added to the core fleet by 2019. Long-term time charter contracts are classified as operational leases and are included in contingent liabilities as per note 15 in the consolidated financial statements.

It continues to be a fundamental element in Ultrabulk A/S' policy to maintain a relatively narrow balance between long-term cargo contract commitments and the long-term controlled tonnage capacity, and further cargo contracts have been concluded during the year.

In order to simplify Ultrabulk's structure, Ultrabulk initiated in 2016 preparations to merge its Danish companies Ultrabulk Shipping A/S, Ultrabulk A/S and P.E.P. Shipping A/S, with Ultrabulk A/S as the surviving and continuing company. The merger was finally approved on an extraordinary general meeting on 24 February 2017.

Gas activities

As of end 2016, Ultragas ApS has overall commercial- and operational responsibility for a total of 19 specialized gas carriers with individual cargo carrying capacity ranging from 3,500 cbm to 22,000 cbm.

One newbuilding of 22,000 cbm joined the fleet during the year, whereas three units (one 3,500 cbm and two 15,000 cbm) left the fleet due to sale to 3rd parties.

Further one unit of 3,500 cbm has been committed for sale and was delivered to the buyer in January 2017. This completes Ultragas's exit from the small pressurized segment.

7 large vessels in the so-called "handy" segment of 15.000 cbm to 22.000 cbm are commercially operated from Copenhagen, while 12 vessels of 3.500 cbm to 12.000 cbm are commercially operated by Unigas International BV in Rotterdam, a company which Ultragas ApS owns equally with two other partners.

One 12,000 cbm newbuilding and two 22,000 cbm newbuildings will join the Ultragas fleet in early 2017.

Technical management

UltraShip ApS is a fully owned subsidiary of Ultragas ApS. UltraShip ApS was established in 2014 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 Ultranav Group. The Gas carriers were previously in technical management with 3rd parties.

As of end 2016 a total of 16 gas carriers were under own crewing and technical management. Another 5 units will follow during the early months of 2017 of which two are bulk carriers taken in technical management from an affiliated company, Ultrabulk A/S Group.

Supporting activities
Ultranav Business Support ApS has enhanced its capacity and capability of providing high quality support to the bulk and gas carrier operations in the areas of finance management, accounting, operations control and HR functions.

Other activities
Othello Shipping Company ApS has had only limited activities during the year.

Relations to Society and to Stakeholders

It continues to be of absolute and paramount importance for the Ultranav Group to present itself and to act as a fair and trustworthy partner –"A partner you can trust".

This applies to all areas of activities and cooperation and in relation to all stakeholders.

It is important for the Group that activities are planned and executed in a responsible and reliable manner and with a sound and sustainable balance between the considerations for the surrounding society, respect for the environment, the well-being of employees, and the need for commercial development.

Ultranav Denmark ApS is committed to a sustainable and responsible growth and applies CSR policies primarily on:

- Human capital
- The environment
- Human rights & anti-corruption

As a member of the Danish Shipowners' Association, the Group participates in the CSR committee, coordinating and safeguarding industry CSR policy.

HUMAN CAPITAL

The Group's most valuable asset is the employees - our human capital. A flat organizational structure is applied to assure short lines of communication and that staff is duly empowered.

Safety, well-being, and efficiency of the marine personnel is foremost in the mind of the Ultranav Group, and considerable funds and time is invested in training, courses, and other measures for personal and professional development. For the chartered vessels, such measures are promoted in a dialogue with the vessels' owners.

The Group seeks to ensure equal career possibilities across the organization irrespective of gender and nationality. Recruitment, career development processes and promotion evaluation are designed to promote this policy.

At the 2016 AGM the Board concluded that the unusual and challenging market environment, which is expected to prevail into the foreseeable future, calls for continuity at BOD level. Consequently, the target for a change in the gender composition of the Board of Directors has now been set for 2020. As of end 2016, the 3 members of the BOD are men, but objective is for share-holder elected women to represent at least 25% of the BOD members in 2020. In senior management positions both genders are represented, and the aim and expectation is to increase female participation at senior management level in the coming years.

THE ENVIRONMENT

The Group's policy is to optimize energy consumption, and thereby minimize carbon emissions, as the Group has evaluated that this is the area on which the Group's operations have the largest impact. The goal is to reduce emission in average measures per vessel, year over year.

The Group adheres to all relevant legislation set by national or international legal bodies, and strongly supports the measures adopted by International Maritime Organisation (IMO) to reduce shipping's CO2 emissions.

During 2016, a Performance Department was created, with the focus of monitoring fuel consumption and evaluate several initiatives to optimize energy consumption across the fleet.

The Group seeks to achieve a high level of quality and performance of its chartered fleet by relying on analysis of international vetting agencies as well as on records from the International Group of P&I clubs.

The Group continued its fleet renewal program by receiving 3 new-buildings to the fleet during 2016, all of which being new generation eco-friendly vessels.

The Group companies are members of the Trident Alliance, which is a network of shipping companies and other stakeholders with a shared interest in robust and transparent enforcement of environmental regulations within sulphur emission.

HUMAN RIGHTS & ANTI CORRUPTION

The Group's overall policy is to support and respect the protection of human rights. Group staff is comprised of numerous nationalities, cultures and age groups. This is considered an asset and the Group appreciates the diversity. The Group is committed to maintaining a workplace free of harassment and discrimination for any reason, whilst assuring there is an acceptable work life balance. No violations of these policies have been reported in 2016. The Working Environment Committee and the HR department performed a series of actions in 2016 for the employees including individual coaching sessions.

Ultranav Denmark as part of the Ultranav Group, supports initiatives that are coordinated by the Ultramar CSR Committee in Santiago, Chile. The focus of the initiatives of the Committee has been towards the right to access to education as defined by the UN Declaration of Human Rights. In 2016, over 5,000 children benefited from educational programs supported in South America allowing them access to elementary education.

The Group has a zero-tolerance policy towards bribery and works proactively against facilitation payments. Neither the Group nor its staff, accept or offer bribes of any form and no violations were observed during 2016.

In April 2016, Ultranav joined the Maritime Anti-Corruption Network (MACN), a collaboration of some of the world's leading shipping companies which aims to eliminate facilitation payments and other forms of corruption in the maritime industry.

Development of Activities and Financial Conditions

The consolidated result for Ultranav Denmark ApS before financial items was a loss of USD 15.1 million, whereas the result after tax was a loss of USD 16.8 million. This is substantially below the result of last year and below budget.

Despite a drycargo market, which for large part of the year was the lowest ever, and despite the negative impact of certain clients' inability to honour agreed contract terms, Ultrabulk A/S was able to produce a modest but positive net result. Ultrabulk A/S net result was negatively impacted by an impairment charge of USD 2.0 million on vessels counter balanced by a profit of USD 2.0 million from a sale and lease back transaction of one vessel. An old dispute with a customer has been closed with a positive impact on the gross profit.

The gas vessel activities produced a substantial negative result, partly because of adverse market conditions with unexpected low rates and substantial idle time in the "handy" size segment of 15,000 – 22,000 cbm, partly because of loss of earnings and additional costs related to late delivery of newbuildings from a Korean shipyard. The negative result of the Denmark based gas activities is further aggravated by a commitment to pay bareboat rates to other companies in the Naviera Ultranav Limitada group, which turned out to be higher than what could be sustained by the actually realized freight income over the trading year.

The parent company did not receive any dividends from its subsidiaries, and its result after tax is a loss of USD 1.6 million.

Financing

The Group's long-term loan from Naviera Ultranav Limitada has been duly served during 2016.

Certain loans from credit institutions require that various financial ratios are met by the ultimate holding company, Naviera Ultranav Limitada. All such ratios were complied with as of 31 December, 2016.

The equity of Ultranav Denmark ApS Group as of end 2016 was USD 121.8 million.

Outlook for 2017

The dry bulk market is still under pressure with earnings capacity in all size segments at low and insufficient levels. For 2017 a growth in cargo volumes to be transported of about 3.3% is expected, and with an anticipated net fleet growth of about 2%, hopes are for charter rates to start showing improvement towards the end of the coming year and into 2018.

Based upon Ultrabulk's current long-term cargo coverage and a dedicated effort to pursue short term possibilities in the market, a slightly positive EBITDA is expected for 2017.

For the gas vessels, a continued stable and positive contribution is expected from the smaller vessels employed in the Unigas pool. The larger "handy" size units are expected to encounter less adverse market conditions in 2017, partly due to expected moderate growth in the shipment of petrochemical gases, and partly due to some limited increases in the transport of LPG.

With all newbuildings in operation from early 2017 and with bareboat charter rates adjusted to a lower level, it is expected that Ultragas will significantly improve the result for 2017 and that a positive net result will be achieved.

Overall Ultranav Denmark APS expects its subsidiaries to produce a slightly positive combined operating result for 2017. After application of depreciation on goodwill and other intangibles, the net result for 2017 may be moderately negative.

Consolidated Income statement

Figures in USD '000	Note	Group 2016	Group 2015
Revenue	2	706.875	790.404
Voyage related expenses		-312.626	-347.944
Charter hire		-371.552	-394.151
Gross profit (Net earnings from shipping activities)		**22.697**	**48.309**
Other income		550	1.452
Other external expenses	3	-7.126	-10.336
Staff costs	4	-21.841	-19.228
Operating profit/(loss(before depreciation, amortization and impairment loss (EBITDA)		**-5.720**	**20.197**
Profit on sale of vessels etc.		2.005	0
Depreciation		-10.402	-10.120
Impairment loss, vessels		-2.000	0
Share of joint ventures' profit after tax		751	380
Operating profit/(loss) (EBIT)		**-15.366**	**10.457**
Share of associates' profit after tax		390	988
Other financial items, net	5	-429	-3.566
Profit/(loss) before tax		**-15.405**	**7.879**
Tax	6	-1.444	-1.140
Net profit/(loss)		**-16.849**	**6.739**
Attributable to:			
Profit/(loss) attributable to the equity holders of the parent		-16.772	7.135
Profit/(loss) attributable to non controlling interests		-77	-396
		-16.848	**6.739**

Consolidated Balance Sheet

Figures in USD '000		Group	
ASSETS	**Note**	**2016**	**2015**
Goodwill		10.558	13.575
Contractual rights		25.977	30.907
Total intangible assets	**7**	**36.535**	**44.482**
Vessels		43.210	46.039
New building contracts		9.932	12.033
Fixtures, fittings and equipment		203	328
Total tangible assets	**8**	**53.345**	**58.400**
Investment in associates	9	3.007	3.102
Investment in joint ventures	10	24.784	24.011
Derivative financial instruments		7.808	17.738
Receivables associated companies		0	75
Deferred tax assets	11	1.247	2.283
Financial assets, non-current		**36.845**	**47.209**
Total non-current assets		**126.725**	**150.091**
Inventories		18.372	11.810
Trade and other receivables		40.154	42.984
Intercompany receivables		3.597	5.044
Prepayments		15.407	16.553
Derivative financial instruments		7.832	10.088
Securities		998	0
Cash and short-term deposits		98.035	101.000
Current assets		**184.395**	**187.479**
TOTAL ASSETS		**311.118**	**337.570**

EQUITY AND LIABILITIES			
Figures in USD '000	***Note***	**2016**	**2015**
Share capital	12	20.577	20.577
Retained earnings		106.619	123.391
Other reserves		-10.737	-17.222
Total equity of majority interest		**116.459**	**126.746**
Non-controlling interests	13	5.362	5.393
Total equity		**121.822**	**132.139**
Interest bearing loans and borrowings	14	24.598	27.491
Loans to associated companies		74.934	74.934
Derivative financial instruments		14.016	23.138
Total non-current liabilities		**113.548**	**125.563**
Trade and other payables		56.192	49.018
Prepayment		0	8.428
Interest-bearing loans and borrowings	14	2.890	2.890
Intercompany payables		9.301	2.876
Derivative financial instruments		6.585	16.134
Income tax payable		780	522
Total current liabilities		**75.747**	**79.868**
Total liabilities		**189.297**	**205.431**
TOTAL EQUITY AND LIABILITIES		**311.118**	**337.570**

Change in Equity

Figures in USD '000	**Group**							
		Other Reserves						
	Share capital (Note 12)	Hedging reserves	Trans-lation reserve	Total reserves	Retained earnings	Total equity of majorrity interest	Non controling interests	Total Equity
At 1 January 2015	**20.577**	**-18.926**	**-1.362**	**-20.288**	**116.789**	**117.078**	**5.789**	**122.867**
Profit for the year	0	0	0	**0**	**7.136**	**7.136**	**-396**	**6.740**
Currency exchange in foreign companies	0	0	-853	**-853**	**0**	**-853**	**0**	**-853**
Change in hedging instruments	0	3.919	0	**3.919**	**0**	**3.919**	**0**	**3.919**
Proposed dividend to shareholders	0	0	0	**0**	**0**	**0**	**0**	**0**
Other changes	0	0	0	**0**	**-534**	**-534**	**0**	**-534**
At 31 December 2015	**20.577**	**-15.007**	**-2.215**	**-17.222**	**123.391**	**126.746**	**5.393**	**132.139**
Loss for the year	0	0	0	**0**	**-16.772**	**-16.772**	**-77**	**-16.849**
Currency exchange in foreign companies	0	0	-358	**-358**	**0**	**-358**	**0**	**-358**
Change in hedging instruments	0	6.843	0	**6.843**	**0**	**6.843**	**46**	**6.889**
Other changes	0	0	0	**0**	**0**	**0**	**0**	**0**
At 31 December 2016	**20.577**	**-8.164**	**-2.573**	**-10.737**	**106.619**	**116.459**	**5.362**	**121.821**

Consolidated Cash flow statement

Figures in USD '000	**2016**	**2015**
Profit/loss(-) before tax	-15.405	7.879
Paid tax including added interest on tax	0	722
Adjustment for non-cash items etc.		
Gain on sale of vessel, plant and equipment	-2.005	0
Depreciation and impairment loss	12.402	10.120
Share of gain/loss in associated companies	-390	234
Share of gain/loss in joint venture	-751	0
Interest expenses	2.409	2.338
Interest income	-437	-139
Net forward contract activity	-367	-2.110
Other changes	-1.130	539
Working capital adjustments:		
Change in current assets	-1.139	37.492
Change in current liabilities	13.599	-33.238
Net cash flows from operating activities	**6.785**	**23.837**
Investments in tangible assets	-5.027	-48.273
Investment in joint venture	-1.465	0
Disposal of joint venture	0	4.414
Dividend received	443	760
Sale of tangible assets	1.165	19.239
Received prepayments	0	7.800
Interest received	437	139
Net cash flows from investing activities	**-4.447**	**-15.921**
Bank loan	0	16.000
Repayment loan	-2.894	-3.009
Interest paid	-2.409	-2.338
Net cash flows from financing activities	**-5.303**	**10.653**
Net change in cash and cash equivalents	-2.965	18.569
Cash and cash equivalents at 1 January	101.000	82.431
Cash and cash equivalents at 31 December	**98.035**	**101.000**

Notes

1 Accounting policies

Ultragas Denmark ApS is a company domiciled in Denmark.

The annual report of Ultragas Denmark Aps for 2016 has been prepared in accordance with the Danish Financial Statements Act for class C-companies (large).

Basis of preparation
The annual report has been prepared on the historical cost basis except all financial assets and liabilities held for trading and all financial assets that are classified as available for sale. These financial assets and liabilities have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges and otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures. Compared to last year there have been some reclassification. The comparative figures have been amended accordingly.

The annual report has been presented in USD thousands (USD ´000), except when otherwise indicated.

Basis of consolidation
The consolidated financial statements comprise the parent company Ultranav Denmark ApS and subsidiaries in which Ultranav Denmark ApS has control, i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is obtained when the Company directly or indirectly holds more than 50% of the voting rights in the subsidiary or which it, in some other way, controls.

Enterprises over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%.

When assessing whether Ultranav Denmark ApS exercises control or significant influence, potential voting rights which are exercisable at the balance sheet date are taken into account.

The financial statements of the controlled subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, income and expenses, unrealised gains and losses and dividends resulting from intercompany transactions are eliminated in full.

The accounting items of subsidiaries are included in full in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

Accounting for business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to Ultranav Denmark ApS. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable.

The cost of a business combination comprises the fair value of the consideration agreed upon and the aggregate of acquired identifiable assets, liabilities and contingent liabilities measured at fair value at the acquisition date.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquired subsidiary over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Subsequent to the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is amortised up to 20 years.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Common control transactions are accounted for using the pooling-of-interest method. The receiving company of the net assets initially recognizes the assets and liabilities transferred at their carrying amount. The result of operations for the period in which the transfer occurs is presented as though the transfer had occurred at the beginning of the period. Financial statements and financial information for prior years are restated to provide appropriate comparative information.

Foreign currency translation
For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in other currencies than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency 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 annual report is recognised in the income statement as financial income or financial expenses.

In the consolidated financial statements, the income statements of entities with another functional currency than USD are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for each month is used as the transaction date exchange rate to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such foreign operations at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised in equity under a separate translation reserve.

Derivative financial instruments and hedging
The Group uses derivative financial instruments such as forward currency contracts, bunker hedge and FFA's to hedge part of risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivate contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of bunker and the fair value of FFA's are determined by reference to market values for similar instruments. For the purpose of accounting, hedges are classified as:

- fair value hedges when hedging the exposure to change in fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedge when hedging exposure to variability in cash flow that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At time of entering into a hedge relationship, the Group designates and documents the hedge relationship to which the Group wishes to apply for hedge accounting and the risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedges item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The criteria for classifying a derivative as a hedging instrument for accounting purposes are as follows:

- the hedge is expected to be effective in achieving offsetting changes in fair value or cash flows attributable to the hedged item — a hedging efficiency within the range of 80—125 per cent over the life of the hedging relationship is expected,
- the effectiveness of the hedge can be reliably measured,
- there is adequate documentation when the hedge is entered into that the hedge is expected to be effective,
- for cash flow hedges of forecast transaction, the transaction must be highly probable, and
- the hedge is evaluated regularly and has proven to be effective.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Fair value hedges
Derivatives designated as hedging instruments are measured at fair value and changes in fair value are recognised in the income statement. Correspondingly, a change in the fair value of the hedged item attributable to the hedged risk is recognised in the income statement. The fair value hedge accounting is discontinued if the hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting stated above.

Cash flow hedges
Changes in the fair value of a hedging instrument that meet the criteria for cash flow hedge accounting are recognized in comprehensive income. The ineffective part of the hedging instrument is recognised directly in the income statement. Gains and losses that are recognised directly on the equity are taken to the income statement in the same period or periods as the cash flow which comprises the hedged item is recognised in the income statement. The principle also applies if the hedged forecasted transaction results in an asset or liability being recognised in the balance sheet. If the cash flow hedge no longer meets the criteria for hedge accounting, hedge accounting is discontinued. The cumulative gain or loss of the hedging instrument recognised on equity remains separately recognised on equity until the forecast transaction occurs. If the cash flow hedged transaction is no longer expected to occur, any previously accumulated gain or loss of the hedging instrument that has been recognised on equity will be carried to profit or loss. Derivatives not accounted for as hedging instruments are classified as financial assets at fair value through profit or loss and measured at fair value. Changes in the fair value of such derivatives are recognised in the income statement.

Determination of fair value
The fair value of financial assets and liabilities is measured on the basis of quoted market prices of financial instruments traded in an active market. If an active market exists, fair value is based on the most recent observed market price at the end of the reporting period.

If an active market does not exist, the fair value is measured according to generally accepted valuation techniques. Market-based parameters are used to measure fair value.

For bunker contracts the price is based on the prices from Platts Bunkerwire. The value of FFAs is assessed on basis of daily recorded prices from the Baltic Exchange.

INCOME STATEMENT

Revenue and expenses
All voyage revenues and voyage expenses are recognised basis percentage of completion. Ultranav Denmark ApS uses a discharge-to-discharge basis in determining percentage of completion for all spot voyages and voyages servicing contract of affreightment (CoA). With this method, voyage revenue is recognised evenly over the period from the departure of a vessel from its original discharge part to departure from the next discharge port. Vessels without signed contracts in place at discharge have no revenue before a new contract is signed. Voyage related expenses incurred for vessels in the idle time are expensed. Demurrage is included if a claim is considered probable. Losses arising from time or voyage charter are provided for in full when they become probable.

The aggregated gross earnings for the gas activities in Unigas International coorporation have been adjusted for general expenses, insurance premiums, financial charges, interest and the adjustments for foreign exchange variances. An appraisal of demurrages receivable has been included in the results.

Profit and loss from the sale of vessels
Profits and losses from the sale of vessels are stated as the difference between the sales price of the vessel less selling costs and the carrying amount of the vessel at the time of delivery.

Profit from investments in associates and joint ventures
In the consolidated income statement the proportionate share of the result after tax is recognized in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

Financial items, net
Financial items, net comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities.

Taxes
Ultranav Denmark ApS is jointly taxed with Danish subsidiaries and Ultranav Denmark ApS 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. Companies with shipping activities participate 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 other comprehensive income.

Intangible assets

Goodwill

Goodwil are depreciated straight-line basis over the estimated useful lives, which for goodwill related to Ultrabulk A/S is 10 years.

Other intangible assets

Other intangible assets, including customer relations and contractual rights, that are acquired by Ultranav Denmark ApS and have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is based on the cost of an asset less its residual value.

Amortisation of customer relations is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives are 5 years.

Amortisation of contracts rights is recognised in the income statement based on the expected hire period, from the date the underlining vessels are delivered. The maximum of the amortisation period is 10 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Tangible assets
Tangible assets 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 when the asset is available for use. Instalments and costs incurred during the construction period on new building contracts are capitalised as they are paid. Borrowing costs (interest) that are attributable to the construction of the vessels are capitalised and included as part of the cost. The capitalised value is reclassified from new buildings to vessels upon delivery from the yard.

Where individual components of an item of tangible assets have different useful lives, they are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

- Vessels: 20 years
- Fixtures, fittings and equipment: 3 - 10 years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The useful life and residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued. The residual value of the vessels is estimated as the lightweight tonnage of each vessel multiplied by scrap value per ton.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

The carrying values of vessels and new buildings are reviewed for impairments when events or changes in circumstances indicate that the carrying value may not be recoverable. Valuations are performed frequently to ensure that the fair value of the asset does not differ materially from its carrying amount.

Leases

All leases are currently classified as operational lease. The payments (time-charter hire and bare-boat hire) are recognised as an expense and charged to the income statement on a straight line basis over the term for the lease.

Investments in associates and joint ventures
Investments in associates are recognised in the consolidated financial statements according to the equity method. Investments in associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-group profits and losses and plus additional value on acquisition, including goodwill. Investments in associates are tested for impairment when impairment indicators are identified.

Investments in associates with negative net asset values are measured at USD 0 (nil). If the Group has a legal or constructive obligation to cover a deficit in the associate, the remaining amount is recognised under provisions.

Amounts owed by associates are measured at amortised cost. Write-down is made for bad debt losses.

In the parent company investments in subsidiaries are measured at cost. Impairment tests are conducted when there is an indication of impairment. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Impairment of non-current assets
Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

Impairment of vessels and new building contracts are described separately. The carrying amount of other non-current assets is tested annually for indicators of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement in a separate line item. Impairment is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Receivables
Receivables are measured at amortised cost. Write-down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out (FIFO) basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense. Costs of bunkers include the transfer from equity to profit and loss on qualifying cash flow hedges.

Securities
Shares available for sale are recognised under current assets at fair value at the trade date and subsequently measured at market price in respect of listed securities.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Statement of changes in equity

Dividends
Dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The proposed dividend payment for the year is disclosed as a separate item under equity. Interim dividends are recognised as a liability at the date when the decision to pay interim dividends is made.

Translation reserve
The translation reserve comprises foreign exchange differences arising on translation of financial statements of entities that have a functional currency different from USD. On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

Hedging reserve
The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised.

Provisions
Provisions are recognised when Ultranav Denmark ApS has a present obligation (legal or constructive) as a result of a past event, it is probable that the obligation has to be settled and that a reliable estimate of the obligation can be made.

Financial liabilities
Loans are recognised at the time the loans are obtained in the amount or the proceeds after deduction of transaction costs. In subsequent periods, the loans are recognised at amortised costs.

Other liabilities, including trade payables, payables to related parties as well as other payables, are measured at amortised cost, which corresponds to the net realizable value in all essentials.

Deferred tax
All significant Danish entities within the Group entered into the Danish tonnage taxation scheme for a binding 10 year period with effect from 1 January 2011. Under the Danish tonnage taxation scheme, taxable income is not calculated on the basis of income and expenses as under the normal corporate taxation. Instead, taxable income is calculated with reference to the tonnage used during the year. The taxable income for a company for a given period is calculated as the sum of the taxable income from the activities under the tonnage taxation scheme and the taxable income from the activities that are not covered by the tonnage taxation scheme made up in accordance with the ordinary Danish corporate tax system.

If the participation in the Danish tonnage taxation scheme is abandoned or the entities' level of investment and activity is significant reduced, a deferred tax liability will become payable.

For the taxable income which is made up in accordance to the ordinary corporate tax system, a deferred tax is recognized in each period end and is accounted for using the balance sheet liability method. Deferred tax assets, including the tax value of tax loss carry forwards, are recognised under other non-current assets at the expected value of their utilisation - either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and settle the liabilities simultaneously.

Cash flow statement
The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated according to the indirect method as the profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest, payments, dividends and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not classified as cash and cash equivalents.

Cash flows from financing activities comprise changes in the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.

2 Revenue by business activity

tUSD	2016	2015
Gas	106.665	138.213
Bulk	598.191	652.191
Other	2.019	0
Total	**706.875**	**790.404**

3 Remuneration to the auditor appointed at the general meeting

	2016	2015
Audit	227	228
Tax consultancy	19	12
Total	246	240

4 Staff costs

Figures in USD '000	2016	2015
Fixed salaries and bonus	18.690	16.616
Pensions - defined contribution plan	1.437	1.213
Other expenses for social security	1.714	1.399
Total	21.841	19.228
Average numbers of employees	154	148

The parent company's executive management and board of directors do not receive remuneration from Ultranav Denmark ApS.

5 Financial expenses, net

Figures in USD '000	**2016**	**2015**
Interest income	437	139
Interest expense on loan	-1.125	-834
Interest to associated companies	-1.284	-1.504
Other financial items, net	1.543	-1.366
Total	-429	-3.565

6 Tax for the year

Figures in USD '000	**2016**	**2015**
Actual tax for the year	-644	-173
Deferred tax on profit for the year	-775	-967
Tax on profit for the year	-1.419	-1.140
Adjustments related to previous years - current tax	234	0
Adjustments related to previous years - deferred tax	-259	0
Tax in the income statement	-1.444	-1.140

7 Intangible assets

Figures in USD '000	**Goodwill**	**Contractual rights**	2016	2015
Cost at 1 January	30.168	57.453	87.621	90.975
Cost at 31 December	30.168	57.453	87.621	90.975
Depreciation and impairment at 1 January	16.593	26.546	43.139	38.210
Depreciation for the year	3.017	4.930	7.947	8.283
Depreciation and impairment at 31 December	19.610	31.476	51.086	46.493
Carrying amount at 31 December	10.558	25.977	36.535	44.482

Impairment testing:

Management has made an impairment test based on discounted cash flows from the operation for the relevant cash generating unit to which goodwill has been allocated. The discounted cash flow calculation is thus based on the Panamax and Supramax activities in the Ultrabulk A/S Group, because the Ultrabulk Group is one cash generating unit. This impairment test includes the test of Contractual rights as well.

The main assumptions applied in the impairment test are the following:

- The long term contract portfolio in place at 31 December 2016
- 7% discount rate (after tax) for long term contract activity
- 12.5% discount rate (after tax) for short term trading activity
- Increase in ship days in accordance with 5 years budget
- The spot rates are based on an average of Baltic market rates for 2017 and 2018, average Baltic and internal rate model for 2019 and the Company's internal rate model for 2020 and 2021. The rate levels are supported by estimates from Clarksons. From 2021 and onwards, the spot rate is indexed by 2 % p.a.

- For the short term trading, an expected margin per year has been used. The margin is not higher than 5%.
- Annual growth of 2% in overhead costs.

Management believes these key assumptions to be relevant and reasonably probable.

Based on the impairment test, Management is of the opinion that no impairment loss should be recognized at 31 December 2016.

8 Tangible assets

2016 *Figures in USD '000*	**Vessels**	**Vessel under construction**	**Fixtures, fittings and equipment**	**2016**
Cost at 1 January	48.373	12.033	4.835	**65.241**
Additions for the year	0	5.149	0	**5.149**
Disposals for the year	0	-7.250	-169	**-7.419**
Cost at 31 December	**48.373**	**9.932**	**4.666**	**62.971**
Depreciation and impairment at 1 January	-2.334	0	-4.508	**-6.842**
Depreciation for the year	-2.329	0	-125	**-2.454**
Reversed depreciation and impairment for the year	0	0	170	**170**
Impairment for the year	-500	0	0	**-500**
Depreciation and impairment at 31 December	-5.163	0	-4.463	**-9.626**
Carrying amount at 31 December	43.210	9.932	203	53.345
Expected useful life	20 years		3-10 years	

2015 *Figures in USD '000*	**Vessels**	**Vessel under construction**	**Fixtures, fittings and equipment**	**2015**
Cost at 1 January	24.200	11.815	4.870	**40.885**
Additions for the year	48.273	14.016	89	**62.378**
Disposals for the year	-24.100	-13.798	-124	**-38.022**
Cost at 31 December	**48.373**	**12.033**	**4.835**	**65.241**
Depreciation and impairment at 1 January	-669	0	-4.409	**-5.078**
Depreciation for the year	-1.665	0	-156	**-1.821**
Reversed depreciation and impairment for the year	0	0	58	**58**
Depreciation and impairment at 31 December	-2.334	0	-4.507	**-6.841**
Carrying amount at 31 December	46.039	12.033	328	58.400
Expected useful life	20 years		3-10 years	

Impairment is recognized if the highest of (1) the fair value less cost to sell or (2) value in use is less than the carrying amount of the assets.

At the end of 2016, the market value of the fleet including new building contracts but excluding joint ventures was below the carrying amount.

The impairment test is done for the individual CGU's by estimating the recoverable amount at value in use. This is calculated as the NPV based on a WACC of 8.0% and a general indexation of operating costs of 2% p.a. of the total expected cash flow during the rest of the vessels expected economic life, including entered COA's and time charters. The WACC has been determined by Management based on market input and taking into consideration the business model applied by the company, including having a high coverage through long term cargo contracts with customers.

Management's expected rates (income) for open vessel days (uncovered capacity) for the next 2 years are based on the Baltic market rates (short term), broker estimated rates for the following two years (mid term) and hereafter the rates are based on the company's own (internal) rate model that is indexed by 2% p.a. In establishing those, consideration is given to external economic analysis, and the internal rate assumptions include amongst other things scrapping of old tonnage as well as increased demand. The internal rates are to extent available tested to information from external partners (brokers) and the historical long term rate development.

The impairment test calculation shows an impairment loss of USD 0.5 million, primarily due to the continued depressed market conditions. As an indicator of the sensitivity, a downward fluctuation of the freight rates for uncovered capacity with 5% would, all other things being equal, give rise to further impairment loss of USD 4.1 million. Furthermore, the application of a WACC of 8.5% instead of 8% would, all other things being equal, give rise to further impairment loss of USD 1.6 million.

9 Investments in associates

Figures in USD '000	**2016**	**2015**
Cost at 1 January	1.802	2.394
Additions for the year	0	0
Disposals for the year	-2	0
Other changes	0	-20
Exchange rate adjustment	0	-572
Cost at 31 December	1.800	1.802
Value adjustment 1 January	1.303	1.395
Share of result in associated companies after tax	428	945
Changes related to previous years	-38	45
Exchange rate adjustment	-37	-342
Other changes	-2	20
Disposals for the year	-4	0
Received dividend	-443	-760
Value adjustment 31 December	1.207	1.303
Carrying amount at 31 December	3.007	3.105

Figures in USD '000

Name	**Registered office**	**Ownership**	**Profit 2016**	**Equity 2016**
Pérola S.A.	Brazil	20%	1.318	8.278
Unigas International B.V.*	Holland	33%	802	2.791
Unigas International Limited, owner's share 33% transf. to Unigas Internatinal B.V.	Hong Kong	33%	-82	0
Ultraship Crewing Phillipines Inc.**	Phillipines	25%	64	143

* Not audited figures
** Latest result is from 2015

10 Investments in joint venture

Figures in USD '000	**2016**	**2015**
Cost at 1 January	22.360	26.867
Additions for the year	1.465	0
Disposals for the year	0	-4.507
Cost at 31 December	23.825	22.360
Value adjustment 1 January	1.651	1.257
Share of result in associated companies and joint ventures after tax	751	380
Other changes	57	14
Impairment, investment in joint ventures	-1.500	0
Value adjustment 31 December	959	1.651
Carrying amount at 31 December	24.784	24.011
The carrying amount can be specified as follows:		
Ultra Summit (Singapore) Pte. Ltd., 50%	24.784	24.011
	24.784	24.011
Key figures for investment in joint ventures:		
Assets	78.671	73.347
Liabilities	-29.138	-33.849
Net assets	49.533	39.498
Revenues	11.067	10.157
Profit/loss before tax	-1.498	1.483
Income tax	0	0
Profit/loss for the year	-1.498	1.483
Total comprehensive income for the year	-1.498	1.483

11 Deferred tax assets

Figures in USD '000	**2016**	**2015**
Deferred tax at 1 January	2.282	3.250
Deferred tax on profit for the year	-775	-421
Adjustments related to previous years	49	-234
Exchange rate adjustments	-309	-313
Total deferred tax assets/-liabilities, net at 31 December	1.247	2.282
Deferred tax gross:		
Deferred tax assets	1.247	2.282
Deferred tax liabilities	0	0
Total deferred tax assets/-liabilities, net at 31 December	1.247	2.282
Deferred tax are allocable to the various items in the balance sheet:		
Tax-loss carried forward	1.247	2.282
Deferred tax, net	1.247	2.282

12 Share capital

The share capital is split in 602,490 shares a 100 DKK and 6,000,000 shares a 10 DKK, total a nominal share capital of 120,249,000 DKK.

The latest 5 years the share capital has changes as follows:

Figures in DKK '000	**2016**	**2015**	**2014**	**2013**	**2012**
Share capital. 1 January	120.249	120.249	120.249	102.249	60.249
Increase in the year	0	0	0	18.000	42.000
Share capital. 31 December	120.249	120.249	120.249	120.249	102.249

13 Non-controlling interests

Figures in USD '000	**2016**	**2015**
Non-controling interest, 1 January	5.393	5.789
Share of the years profit and loss	-77	-396
Change on equity	46	0
Total	**5.362**	**5.393**

14 Interest bearing loans and borrowings

Figures in USD '000	2016	2015
Long term part	24.598	27.491
Current part	2.890	2.890
Loan at 31 December	27.488	30.381
Part of long term liabilities, payable after 5 years	13.038	15.932

15 Contingent liabilities

Figures in USD '000	2016	2015
Lease commitments (operationel lease) within 1 year	156.474	248.632
Lease commitments (operationel lease) between 1 - 5 years	961.445	808.962
Lease commitments (operationel lease) more than 5 years	149.744	558.137
Total lease commitments	1.267.663	1.615.731

Ultranav Denmark ApS Group is engaged in certain litigation proceedings. In the opinion of management, settlement or continuation of these proceedings are not expected to have a material effect on the financial position, operating profit or cash flow.

The parent company is in joint taxation with other companies in the Naviera Ultranav Group.

The Ultranav Denmark ApS Group's Danish subsidiaries are joint registered in relation to VAT. The companies are jointly and severally liable for VAT under the registration.

16 Use of financial instruments

As part of hedging of recognized and non-recognized transaction the Ultranav Denmark ApS Group use hedging instruments.

Currency and interest is hedged with swap contracts. Price risks related to bunkers are hedged with bunker swaps. CoA and vessels commitment are hedged with forward freight agreements.

17 Related party disclosures

Ultranav Denmark ApS' is controlled by

Naviera Ultranav Limitada
Av. El Bosque Norte 500 P. 19
7550092 Las Condes, Santiago
Chile

Other related parties are considered to be companies within Ultranav Group, associated companies, the directors and officers of the entities.

Shareholder

The following shareholder owns more than 5% of the capital and voting rates:

Naviera Ultranav Limitada
Av. El Bosque Norte 500 P. 19-20
7550092 Las Condes, Santiago
Chile

Figures in USD '000		Sale/ (Purchases) to/from related parties	Sale/ (Purchases) to/from related parties	Amounts owed by/(to) related parties	Amounts owed by/(to) related parties
Related party	Type of transaction	2016	2015	2016	2015
Parent company	Charter hire	404	956	0	0
	Management fee expense	-4.013	-4.271	0	0
	Interest/loan	94	0	-3.099	-1.591
	Interest/loan	-1.262	-1.504	-74.934	-74.394
Joint Ventures	Charter hire	-11.067	-10.157	0	201
	Guarantees	0	0	31.200	47.403
Associated companies	Charter hire	7.194	1.212	-2.962	0
	Bare boat hire	-57.696	-67.157	-503	-1.773
	Service	4.596	4.706	1.813	1.411
	Supervision fee	320	-127	34	0
	Other income	110	0	-988	0
	Guarantees	0	0	0	9.476

Ultranav Denmark ApS - Parent Company

PROFIT AND LOSS		Parent	
Figures in USD '000	Note	2016	2015
Other external expenses	2	-65	-103
Operating profit before depreciation, amortization and impairment loss (EBITDA)		-65	-103
Operating loss (EBIT)		**-65**	**-103**
Other financial items, net		-1.246	-1.500
Loss before tax		**-1.311**	**-1.603**
Tax		-296	299
Net loss		**-1.607**	**-1.304**

ASSETS			
Figures in USD '000	Note	2016	2015
Investment in subsidiaries	3	135.115	135.115
Financial assets, non-current		**135.115**	**135.115**
Total non-current assets		**135.115**	**135.115**
Trade and other receivables		461	1.018
Cash and short-term deposits		1.089	752
Total current assets		**1.550**	**1.770**
TOTAL ASSETS		**136.665**	**136.885**

EQUITY AND LIABILITIES			
Figures in USD '000	Note	2016	2015
Share capital		20.577	20.577
Retained earnings		37.884	39.491
Total equity	4	**58.461**	**60.068**
Loans from associated companies		74.934	74.934
Total non-current liabilities		**74.934**	**74.934**
Trade and other payables		3.269	289
Intercompany payables		0	1.594
Total current liabilities		**3.269**	**1.883**
Total liabilities		**78.204**	**76.817**
TOTAL EQUITY AND LIABILITIES		**136.665**	**136.885**

CHANGES IN EQUITY *Figures in USD '000*	Share capital	Retained earnings	Total Equity
At 1 January 2015	**20.577**	**40.793**	**61.370**
Loss for the year	0	-1.304	**-1.304**
Proposed dividend to shareholders	0	0	**0**
Other changes	0	2	**2**
At 1 December 2015	**20.577**	**39.491**	**60.068**
Loss for the year	0	-1.607	**-1.607**
At 1 December 2016	**20.577**	**37.884**	**58.461**

Note 1 - Accounting policies

The parent company's financial statement for Ultranav Denmark ApS is pursuant to the provisions for class C enterprises of the Danish Financial Statements Act.

The accounting policies of the parent company financial statements are unchanged compared to last year.

Income statement and balance sheet

Dividends from investment in subsidiaries

Dividend from investments in subsidiaries and associates are recognised as income in the parent's income statement under financial income in the financial year in which dividends are declared.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Impairment tests are conducted when there is an indication of impairment. Writedown is made to the recoverable amount it this is lower than the carrying amount.

Note 2 – Audit fee

Figures in USD '000	**2016**	**2015**
Audit	8	26
Other assurance service	0	0
Tax consultancy	12	12
Other services	0	0
Total	20	38

Note 3 – Investment in subsidiaries

Figures in USD '000	2016	2015
Cost at 1 January	135.115	135.115
Additions for the year	0	0
Disposals for the year	0	0
Cost at 31 December	135.115	135.115
Value changes at 1 January	0	0
Value changes	0	0
Value changes at 31 December	0	0
Carrying amount at 31 December	135.115	135.115

The management prepared an impairment test as per 31 December 2016 please refer to note 7 for the Group.

Based on the impairment test, Management is of the opinion that no impairment loss should be recognized at 31 December 2016.

Figures in USD '000 **Name**	**Registered office**	**Ownership**	**Result 2016**	**Equity 2016**
Ultrabulk A/S	Gentofte	97%	2.645	149.125
Ultragas ApS	Gentofte	100%	-10.128	12.277
Othello Shipping Company ApS	Gentofte	100%	64	103
Ultranav Business Support ApS	Gentofte	100%	125	367

Note 4 – Allocation of result

Figures in USD '000	**2016**	**2015**
Proposed dividend	0	0
Retained earnings	-1.607	-1.304
	-1.607	**-1.304**

Note 5 - Related party disclosures

Refer to the consolidated financial statements, note 17.

Ultranav Denmark ApS is included in the consolidated financial statement for Naviera Ultranav Limitada, Chile.

Definitions of key figures and financial ratios

The financial rations were computed in accordance with "Recommendations and Financial Ration 2015" issued by the Danish Finance Society. The ration listed in the key figures and ration section were calculated as follows:

Gross profit margin	=	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBITDA margin	=	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$
Return of equity in % (ROE)	=	$\frac{\text{Profit or loss for the year x 100}}{\text{Average equity, excluding minority interests}}$
Payout ratio	=	$\frac{\text{Dividend x 100}}{\text{Profit or loss for the year, excluding minority interests}}$
Equity ratio	=	$\frac{\text{Equity at year-end, excluding minority interest x 100}}{\text{Total assets}}$
USD exchange rate at year-end	=	The USD exchange rate quoted on the NASDAQ OMX Copenhagen at the balance sheet date
Average USD exchange rate	=	The average USD exchange rate quoted on the NASDAQ OMX Copenhagen for the year
Net interest-bearing debt	=	Interest-bearing debt less cash and cash equivalents at year-end