

# **HAFNIA TANKERS ApS**

Tuborg Boulevard 5  
2900 Hellerup

Annual report  
1 January 2016 - 31 December 2016

**The annual report has been presented and  
approved on the company's general meeting the**

**24/04/2017**

**Mikael Øpstun Skov**  
**Chairman of general meeting**

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# Company information

**Reporting company** HAFNIA TANKERS ApS  
Tuborg Boulevard 5  
2900 Hellerup

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e-mail: info@hafniatankers.com  
CVR-nr: 33082231  
Reporting period: 01/01/2016 - 31/12/2016

**Auditor** Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 København S  
DK Denmark  
CVR-nr: 33963556  
P-number: 1017192430

# Statement by Management

The Board of Directors have today on April 24, 2017, discussed and approved the annual report for the financial year January 1 - December 31, 2016 for Hafnia Tankers ApS.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the annual report presents fairly, in all material respects, the financial position of the company as of December 31, 2016 and of the results of the company's operations for the financial year January 1 - December 31, 2016.

Moreover, we believe that the management commentary contains a fair review of the affairs and conditions referred to there-in.

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

Hellerup, the 24/04/2017

## Management

Mikael Øpstun Skov

## Board of directors

Mikael Øpstun Skov  
(Chairman)

Søren Steenberg Jensen

Georg Alexander Whist

# The independent auditor's report on financial statements

To the shareholder of Hafnia Tankers ApS

## Opinion

We have audited the financial statements of for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31-12-2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 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 financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of management for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the 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 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on the management's review**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 24/04/2017

Kirsten Aaskov Mikkelsen  
State-Authorised Public Accountant  
Deloitte Statsautoriseret  
Revisionspartnerselskab  
CVR: 33963556

Henrik Hjort Kjelgaard  
State-Authorised Public Accountant  
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# Management's Review

## Commentary

### Primary activities and major developments

The primary activities of Hafnia Tankers ApS pertain to commercial operations within the product tanker market. Hafnia Tankers ApS is also engaged in ownership of subsidiaries and associates with commercial operations within the product tanker market.

The result for 2016, USD 17,852 thousand, lives up to the expectation stated in the annual report for 2015, in which the result was projected to be significantly lower than that for 2015, USD 37,859 thousand.

The Company expects the result for 2017 to be in line with that for 2016, based on the notion that the current low rate environment will persist into 2017.

### Subsequent events

There have been no significant events after the balance sheet date.

## Key figures and Financial Ratios

<b>Profit/(Loss)</b>	<b>For the years ended December 31,</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<i>(in thousands of U.S. dollars)</i>					
Revenue	33,372	44,799	31,178	10,832	4,388
Operating profit	-2,906	26,872	6,027	-918	-399
Net financial items	20,905	11,071	-286	-8	19
Profit/(loss)	17,852	37,859	5,628	-391	-380

<b>Balance Sheet</b>	<b>As of December 31,</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<i>(in thousands of U.S. dollars)</i>					
Total assets	101,282	112,148	289,357	242,696	4,405
Equity	98,074	107,527	286,766	240,517	4,034
Investments in operating assets	-	-	-	65,389	-

<b>Key Financial Figures</b>	<b>For the years ended December 31,</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<i>(percent)</i>					
EBITDA-margin	-7	61	22	-8	-9
Equity ratio	96.8	95.9	99.1	99.1	91.6
Return on equity	18.2	35.2	2.0	-0.2	-9.4

The key financial figures have been derived based on the recommendations of CFA Society Denmark for 2016. Please refer to the chapter on accounting policies for an overview of how the key financial figures have been defined.

For the year 2012 the Company did not own any vessels. For the year 2015 the Company's subsidiary

Hafnia Tankers Shipholding Bermuda Ltd. was liquidated due to a lack of activity. The Company's assets had been sold before the liquidation. The sale of Hafnia Tankers Shipholding Bermuda Ltd. generated a significant gain in 2015. Caution should therefore be exercised when comparing the above figures across time.



# Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class C, medium-size enterprise.

In accordance with the Danish Financial Statements Act § 86, item 4, a cash flow statement has not been prepared as the Company's cash flow statement is contained within the consolidated financial statements of Hafnia Tankers Ltd.

In accordance with the Danish Financial Statements Act § 112, item 2, consolidated financial statements have not been prepared. The annual report for Hafnia Tankers ApS and respective subsidiaries are included in the consolidated financial statements of Hafnia Tankers Ltd., Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, registration number 64370. The consolidated financial statements are available at [www.hafniatankers.com](http://www.hafniatankers.com).

The accounting policies applied in the preparation of the annual report are consistent with those applied last year.

## Basis of accounting

Assets are recognized on the balance sheet once the inflow of economic benefit to the entity is probable, and when the value of the asset can be measured reliably.

Liabilities are recognized on the balance sheet once the outflow of resources embodying economic benefits from the entity is probable, and when the value of the obligation can be measured reliably.

Assets and liabilities are measured at cost upon initial recognition. Subsequent to initial recognition, assets and liabilities are measured as described respectively below.

Certain financial assets and liabilities are measured at amortized cost, by which a constant internal rate of return is applied over the respective duration. Amortized costs are calculated as initial cost less accumulated amortization.

On recognition and measurement of assets and liabilities, all relevant matters are taken into consideration, including foreseeable risks and losses, arising before the time at which the annual report is prepared and proving or disproving matters arising on or before the balance sheet date.

Income is recognised in the income statement as earned. This includes value adjustments made to financial assets and liabilities which are measured at fair value or amortized cost. Moreover, all expenses are recognized which are incurred to generate the stated income for the year. This includes depreciation, amortisation, impairment losses, downward adjustments and provisions for liabilities and reversals of amounts previously recognised in the income statement as a result of changed accounting estimates.

## Transactions in foreign currency

The Company's financial statements are denominated in USD as this represents the primary currency of the international shipping sector. As of December 31, 2016, the exchange rate was DKK 7.0528 per USD (DKK 6.8300 per USD as of December 31, 2015).

Foreign currency transactions are translated into the functional currency at the exchange rate of the date when initially recognized. Gains and losses arising between the exchange rate of the transaction date and that of the settlement date are recognized in the income statement under financial income or financial expense.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates then prevailing. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognized in the statement of profit or loss under financial income or financial expense.

## Income Statement

### Vessel revenue

Vessel revenue stems from charter income as well as various other sources of income which relate to the chartering of the Company's vessels. Vessel revenue is recognized when an agreement exists, the vessel is made available to the charterer or services are provided, the charter hire is determinable and collection of the related revenue is reasonably assured. The earnings allocated to vessels participating in commercial pools are aggregated and divided on the basis of a weighted scale, or Pool Points, which reflect comparative voyage results on hypothetical benchmark routes. These pool earnings are recognized as a part of revenue once the vessel has participated in a pool during the period and the amount of pool revenue for the period can be estimated reliably.

### Management revenue

Management revenue is recognized in the income statement as the relevant services are supplied and once the amount can be measured reliably, in the period in which the amount is expected to be received.

### Other operating revenue

Other operating revenue stems from the sale of newbuild vessels. Other operating revenue is recognized in the income statement as the relevant services are supplied and once the amount can be measured reliably, in the period in which the amount is expected to be received.

### Vessel operating costs

Vessel operating costs consists of charter hire as well as other vessel related costs. Charter hire stems from the chartering-in of vessels, from which vessel revenue is derived. Vessel operating costs are recognized in the income statement as incurred.

### Depreciation

Depreciation is allocated on a straight-line basis over the duration of the respective charter-party, starting on the day the charter-party commences.

### Staff costs

Staff costs covers wages, salaries, pensions as well as other social security costs pertaining to the Company's employees.

### Other external costs

Other external costs includes administrative expenses, office rental, etc.

### Dividends received

Dividends received, stemming from subsidiaries and associates, are recognized in the period in which such dividends are declared.

### Financial income and expenses

Financial income and expenses include interest expenses as well as exchange gains and losses arising from transactions in foreign currencies.

## Balance Sheet

### Taxes

Taxes constitute tonnage taxes for the year and deferred taxes, which are recognized in the income statement according to the portion which can be attributed to the result for the year and in shareholders' equity according to the portion which can be directly attributed to changes in shareholders' equity.

The Company is jointly taxed along with Hafnia Tankers Shipholding Denmark 1 ApS, by which Hafnia Tankers ApS acts as the administrative company of the joint tax arrangement. The applicable income tax is distributed among the participating companies of the joint tax arrangement according to their respective taxable income.

### Property, plant and equipment

Property, plant and equipment consist of newbuild vessels which are initially recognized at cost.

The basis of depreciation is calculated as the excess of cost over the estimated residual value. Depreciation is commenced once the vessel is delivered.

The initial recognition of cost includes the cost of acquisition as well as costs which are directly attributable to the acquisition of the tangible asset up until the point in time at which the tangible asset is ready for use.

The recognition of initial cost is segmented into its constituent parts, which are depreciated separately to the extent that the estimated useful life of these constituent parts differ from one another.

Depreciation is allocated on a straight-line basis over the estimated useful life of the respective asset, from the day the asset is ready for use.

### Impairment of fixed assets

The Company reviews its fixed assets for impairment annually and whenever events or circumstances indicate the carrying value of an asset may not be recoverable.

In the event of indication of impairment, the recoverable amount of the vessels, being the higher of value in use and fair value less cost to sell, is assessed. If the recoverable amount is estimated to be less than its carrying amount, the carrying value of the asset is written down to its recoverable amount.

### Pool working capital deposit

Participating in pools requires a deposit of working capital. The deposit of USD 800 thousand is recognized at cost. The deposit is paid upon entrance to the pool and is repaid when the pool is exited.

### Interests in subsidiaries and associates

Interests in subsidiaries and associates are recognized at cost. If the recoverable amount is estimated to be less than its carrying amount, the carrying value is written down to its recoverable amount.

### Deferred tax

Deferred taxes, including tax losses that have been carried forward as deductions in future earnings, are recognized according to the value that the deferred tax asset is estimated yield, either as a net tax asset or through a lowering of tax payables.

### Receivables

Accounts receivable are measured at the lower of amortized cost and net realizable value.

### Prepaid expenses

Prepaid expenses include payments relating to goods or services that are made in advance of when the related goods or services will be incurred.

### Mortgage debt

Mortgage debt are measured at amortized cost using the effective interest rate method, such that the difference between the proceeds and the redemption value is recognized in the income statement.

### Key Figures

The applied definition of relevant key figures is stated below:

EBITDA-margin:  $(EBITDA * 100) / \text{Revenue}$

Equity ratio:  $(\text{Equity}) / \text{Total Assets}$

Return on equity:  $(\text{Profit}/(\text{Loss}) \text{ for the period}) / \text{Average Equity}$

# Income statement 1 Jan 2016 - 31 Dec 2016

	Disclosure	2016 USD	2015 USD
Revenue .....	1	33,372,000	44,799,000
Cost of sales .....		-28,201,000	-30,650,000
Other operating income .....		0	22,136,000
Other external expenses .....		-827,000	-1,048,000
<b>Gross Result .....</b>		<b>4,344,000</b>	<b>35,237,000</b>
Employee expense .....	2	-6,815,000	-7,842,000
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets .....		-435,000	-523,000
<b>Profit (loss) from ordinary operating activities .....</b>		<b>-2,906,000</b>	<b>26,872,000</b>
Other finance income from group enterprises .....		21,019,000	12,598,000
Other finance income .....	3	62,000	177,000
Impairment of financial assets .....		0	-1,609,000
Other finance expenses .....	4	-176,000	-95,000
<b>Profit (loss) from ordinary activities before tax .....</b>		<b>17,999,000</b>	<b>37,943,000</b>
Tax expense .....	5	-147,000	-84,000
<b>Profit (loss) .....</b>		<b>17,852,000</b>	<b>37,859,000</b>

# Balance sheet 31 December 2016

## Assets

	Disclosure	2016 USD	2015 USD
Acquired other similar rights .....		103,000	538,000
<b>Intangible assets</b> .....	<b>6</b>	<b>103,000</b>	<b>538,000</b>
Plant and machinery .....		0	0
<b>Property, plant and equipment</b> .....		<b>0</b>	<b>0</b>
Investments in group enterprises .....		86,216,000	86,216,000
Investments in associates .....		1,500,000	1,503,000
Other receivables .....		1,600,000	2,700,000
Current deferred tax assets .....		93,000	354,000
<b>Investments</b> .....	<b>7</b>	<b>89,409,000</b>	<b>90,773,000</b>
<b>Total non-current assets</b> .....		<b>89,512,000</b>	<b>91,311,000</b>
Trade receivables .....		1,403,000	2,048,000
Receivables from group enterprises .....		6,042,000	8,662,000
Other receivables .....		821,000	211,000
Deferred income assets .....		23,000	29,000
<b>Receivables</b> .....	<b>8</b>	<b>8,289,000</b>	<b>10,950,000</b>
Cash and cash equivalents .....		3,481,000	9,888,000
<b>Current assets</b> .....		<b>11,770,000</b>	<b>20,838,000</b>
<b>Total assets</b> .....		<b>101,282,000</b>	<b>112,148,000</b>

# Balance sheet 31 December 2016

## Liabilities and equity

	Disclosure	2016 USD	2015 USD
Contributed capital .....		12,650,000	12,650,000
Retained earnings .....		85,424,000	64,877,000
Proposed dividend .....		0	30,000,000
<b>Total equity .....</b>		<b>98,074,000</b>	<b>107,527,000</b>
Prepayments received from customers .....		1,212,000	0
Trade payables .....		22,000	27,000
Tax payables .....		0	16,000
Other payables, including tax payables, liabilities other than provisions .....		1,974,000	4,578,000
<b>Short-term liabilities other than provisions, gross .....</b>	<b>9</b>	<b>3,208,000</b>	<b>4,621,000</b>
<b>Liabilities other than provisions, gross .....</b>		<b>3,208,000</b>	<b>4,621,000</b>
<b>Liabilities and equity, gross .....</b>		<b>101,282,000</b>	<b>112,148,000</b>

# Statement of changes in equity 1 Jan 2016 - 31 Dec 2016

	Contributed capital	Reserve for treasury shares	Retained earnings	Proposed dividend recognised in equity	Total
	USD	USD	USD	USD	USD
Equity, beginning balance .....	12,650,000	0	64,877,000	30,000,000	107,527,000
Dividend paid .....	0	0	0	-30,000,000	-30,000,000
Value adjustments of equity .....	0	2,738,000	0	0	2,738,000
Profit (Loss) .....	0	0	17,852,000	0	17,852,000
Dividends from treasury shares .....	0	-43,000	0	0	-43,000
Equity, ending balance .....	12,650,000	2,695,000	82,729,000	0	98,074,000

## Notes

### Share capital

Share capital is distributed as follows:

	2016	2015
	<i>(Kr)</i>	
Series A Stock, 1,176,808 shares with a nominal value of DKK 0.01	11,768	11,768
Series B Stock, 125,000 shares with a nominal value of DKK 10	1,250,000	1,250,000
Series C Stock, 6,848,299,970 shares with a nominal value of DKK 0.01	68,482,999	68,482,999
Balance as of December 31	69,744,767	69,744,767

The following table summarizes changes to share capital since the Company was founded:

	2016	2015	2014	2013	2012
	<i>(Kr)</i>				
<i>(in thousands of U.S. dollars)</i>					
Balance as of January 1	69,744,767	69,744,767	58,769,617	727,340	682,340
Capital contribution	-	-	10,975,150	58,042,277	45,000
	69,744,767	69,744,767	69,744,767	58,769,617	727,340

No cost related to capital contributions have been recognized.

# Disclosures

## 1. Revenue

	For the years ended	
	December 31	
	2016	2015
	(USD)	
Vessel revenue	29,031,000	39,456,000
Management revenue	4,341,000	5,343,000
	<b>33,372,000</b>	<b>44,799,000</b>

## 2. Employee expense

	For the years ended December 31	
	2016	2015
	(USD)	
Wages and salaries	-6,625,000	-7,639,000
Pensions	-175,000	-191,000
Other social security costs	-15,000	-12,000
	<b>-6,815,000</b>	<b>-7,842,000</b>

Average number of employees  
2016: 13  
2015: 18

## 3. Other finance income

	For the years ended December 31	
	2016	2015
	(USD)	
Other financial income	62,000	177,000
	<b>62,000</b>	<b>177,000</b>



#### 4. Other finance expenses

	For the years ended December 31	
	2016	2015
	(USD)	
Interest expenses attributable to group enterprises	-	-10,000
Other financial expenses	-176,000	-85,000
	<b>-176,000</b>	<b>-95,000</b>

#### 5. Tax expense

	For the years ended December 31	
	2016	2015
	(USD)	
Change in deferred tax	-147,000	-84,000
	<b>-147,000</b>	<b>-84,000</b>

#### 6. Intangible assets

	Time charters acquired (USD)
<b>Cost</b>	
Balance as of January 1, 2016	1,097,000
Additions	-
Disposals	-346,000
<b>Cost at December 31, 2016</b>	<b>751,000</b>
<b>Accumulated depreciation</b>	
Balance as of January 1, 2016	-559,000
Depreciation	-435,000
Disposals	346,000
<b>Accumulated depreciation at December 31, 2016</b>	<b>-648,000</b>
<b>Carrying amount at December 31, 2016</b>	<b>103,000</b>
Depreciated over	1-3 years
Estimated residual value	-

#### 7. Investments

Pool working capital deposit	As of December 31	
	2016	2015
	(USD)	
<b>Cost</b>		
Balance as of January 1	2,700,000	5,000,000
Additions	-	-
Disposals	-1,100,000	-2,300,000
<b>Cost at December 31</b>	<b>1,600,000</b>	<b>2,700,000</b>
<b>Carrying amount at December 31</b>	<b>1,600,000</b>	<b>2,700,000</b>

  

Interests in subsidiaries	As of December 31	
	2016	2015
	(USD)	
<b>Cost</b>		
Balance as of January 1	88,216,000	145,732,000
Additions	-	189,045,000
Disposals	-	-248,561,000
<b>Cost at December 31</b>	<b>86,216,000</b>	<b>86,216,000</b>
<b>Carrying amount at December 31</b>	<b>86,216,000</b>	<b>86,216,000</b>

Key numbers for the company's subsidiaries as of 31 December, 2016:

	Share of equity (Pct.)	Equity (USD)	Profit for the year
Hafnia Tankers Shipholding Denmark 1 ApS, Hellerup	100%	70,651,000	1,204,000

Hafnia Tankers Shipholding Denmark 1 ApS was founded on November 12, 2013.

Interests in associates	As of December 31	
	2016	2015
	(USD)	
<b>Cost</b>		
Balance as of January 1	1,503,000	1,503,000
Disposals	-3,000	-
<b>Cost at December 31</b>	<b>-1,500,000</b>	<b>1,503,000</b>
<b>Carrying amount at December 31</b>	<b>1,500,000</b>	<b>1,503,000</b>

Key figures for the company's associates as of 31 December 2016:

	<b>Share of equity</b>	<b>Equity</b>	<b>Profit for the year</b>
	<i>(Pct.)</i>	<i>(USD)</i>	
Hafnia Management A/S, Hellerup	40%	7,818,000	2,007,000
Hafnia Handy Pool Management ApS, Hellerup	0%	-	97,000

The share of Hafnia Management A/S was acquired on October 31, 2013, for USD 1.500 thousand. The share of Hafnia Handy Pool Management ApS was acquired on September 17, 2014, for USD 3 thousand and was sold on 30 December 2016 for USD 3 Thousand.

#### Deferred tax

	<b>As of December 31 2016</b>
	<i>(USD)</i>
Balance as of January 1	354,000
Additions	-
Disposals	-261,000
<b>Balance as of December 31</b>	<b>-93,000</b>

#### 8. Receivables

##### Prepaid expenses

	<b>As of December 31</b>	
	<b>2016</b>	<b>2015</b>
	<i>(USD)</i>	
Prepaid insurance	23,000	29,000
	<b>23,000</b>	<b>29,000</b>

#### 9. Short-term liabilities other than provisions, gross

Deferred income

Deferred income comprises prepayments for vessels chartered-out.

## 10. Disclosure of contingent liabilities

Contingent liabilities, contractual liabilities, etc.

The following table displays the Company's time chartered-in commitments:

	As of December 31	
	2016	2015
	<i>(USD)</i>	
< 1 year	14,635,000	19,270,000
1-5 years	7,824,000	59,776,000
> 5 years	-	54,664,000
	<b>22,459,000</b>	<b>133,710,000</b>

The Company's office space rent obligation was USD 4 thousand, and the Company had USD 1 thousand related to other contractual obligations as of December 31, 2016.

The Company is jointly taxed along with Hafnia Tankers Shipholding Denmark 1 ApS, by which Hafnia Tankers ApS acts as the administrative company of the joint tax arrangement. The Company's Danish corporate tax liability is unrestricted, in solidarity with Hafnia Tankers Shipholding Denmark 1 ApS. As of December 31, 2016, the net tax liability of the jointly taxed companies equals USD 66 thousand, attributable to the Danish Customs and Tax Administration.

All companies in the Hafnia Group are jointly liable for the Group's credit facilities. The total amount outstanding for these facilities was USD 544.5 million as of December 31, 2016 (2015: USD 504.3 million). The Group had undrawn credit facilities totaling USD 67.2 million as of December 31, 2016 (2015: USD 139.8 million).

## 11. Disclosure of ownership

Related parties

The following shareholder is registered as owning a minimum of 5% of voting rights or a minimum of 5% of share capital:

Hafnia Tankers Malta Ltd.  
Regent House, Office 21  
Bisazza Street  
Sliema SLM 1640  
Malta

## 12. Proposed distribution of results

	2016	2015
	USD	USD
Proposed dividend recognised in equity .....	0	30,000,000
Retained earnings .....	17,852,000	7,859,000
<b>Proposed distribution of profit (loss) .....</b>	<b>17,852,000</b>	<b>37,859,000</b>