
Christina Kirk A/S

Damhaven 5D, DK-7100 Vejle

Annual Report for 1 January - 31 December 2015

CVR No 33 16 62 14

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
25/4 2016

Bettina Winther
Christensen
Chairman

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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Christina Kirk A/S for the financial year 1 January - 31 December 2015.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vejle, 25 April 2016

Executive Board

Søren Vad Sørensen

Board of Directors

Bjarne Ammitzbøll
Chairman

Signe Krog Jensen

Søren Vad Sørensen

Independent Auditor's Report on the Financial Statements

To the Shareholder of Christina Kirk A/S

Report on the Financial Statements

We have audited the Financial Statements of Christina Kirk A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

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

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Aarhus, 25 April 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh

State Authorised Public Accountant

Company Information

The Company

Christina Kirk A/S
Damhaven 5D
DK-7100 Vejle

CVR No: 33 16 62 14
Financial period: 1 January - 31 December
Municipality of reg. office: Vejle

Board of Directors

Bjarne Ammitzbøll, Chairman
Signe Krog Jensen
Søren Vad Sørensen

Executive Board

Søren Vad Sørensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Management's Review

Main activity

The objective of the Company is to acquire, operate and sell Vessels, and related activities.

Development in the year

The income statement of the Company for 2015 shows a profit of USD 1,701,134, and at 31 December 2015 the balance sheet of the Company shows equity of USD 18,414,540.

Subsequent events

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

Income Statement 1 January - 31 December 2015

	Note	2015 USD	2014 USDk
Gross profit/loss		4.422.199	2.020
Depreciation and impairment of property, plant and equipment		-2.087.428	-1.926
Profit/loss before financial income and expenses		2.334.771	94
Financial income		222	0
Financial expenses	1	-633.859	-790
Profit/loss before tax		1.701.134	-696
Tax on profit/loss for the year		0	0
Net profit/loss for the year		1.701.134	-696

Distribution of profit

Proposed distribution of profit

Retained earnings		1.701.134	-696
		1.701.134	-696

Balance Sheet 31 December 2015

Assets

	Note	2015 USD	2014 USDk
Vessels		30.531.873	31.595
Property, plant and equipment	2	30.531.873	31.595
Other investments		800.000	1.000
Fixed asset investments		800.000	1.000
Fixed assets		31.331.873	32.595
Trade receivables		596.658	338
Other receivables		94.699	21
Deferred tax asset	4	0	0
Prepayments		0	43
Receivables		691.357	402
Cash at bank and in hand		3.445.740	2.949
Currents assets		4.137.097	3.351
Assets		35.468.970	35.946

Balance Sheet 31 December 2015

Liabilities and equity

	Note	2015 USD	2014 USDk
Share capital		90.266	90
Other reserves		17.597	18
Retained earnings		18.306.677	16.340
Equity	3	18.414.540	16.448
Credit institutions		16.851.250	18.796
Payables to group enterprises		5.411	0
Other payables		7.161	680
Deferred income		190.608	22
Short-term debt		17.054.430	19.498
Debt		17.054.430	19.498
Liabilities and equity		35.468.970	35.946
Contingent assets, liabilities and other financial obligations	5		
Related parties and ownership	6		

Notes to the Financial Statements

	<u>2015</u>	<u>2014</u>
	USD	USDk
1 Financial expenses		
Interest paid to group enterprises	492	61
Other financial expenses	633.292	729
Exchange loss	75	0
	<u>633.859</u>	<u>790</u>
2 Property, plant and equipment		<u>Vessels</u>
		USD
Cost at 1 January 2015		38.900.000
Additions for the year		<u>1.024.785</u>
Cost at 31 December 2015		<u>39.924.785</u>
Impairment losses and depreciation at 1 January 2015		7.305.484
Depreciation for the year		<u>2.087.428</u>
Impairment losses and depreciation at 31 December 2015		<u>9.392.912</u>
Carrying amount at 31 December 2015		<u>30.531.873</u>

Notes to the Financial Statements

3 Equity

	Share capital	Other reserves	Retained earnings	Total
	USD	USD	USD	USD
Equity at 1 January 2015	90.266	17.597	16.340.490	16.448.353
Fair value adjustment of hedging instruments, end of year	0	0	265.053	265.053
Net profit/loss for the year	0	0	1.701.134	1.701.134
Equity at 31 December 2015	90.266	17.597	18.306.677	18.414.540

The share capital consists of 5,000 shares of a nominal value of USD 18 (DKK 100). No shares carry any special rights.

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

4 Provision for deferred tax

	2015	2014
	USD	USDk
Amortization	-31.900	-40
Tax loss carry-forward	-1.258.200	-844
Transferred to deferred tax asset	1.290.100	884
	0	0

Deferred tax has been provided at 22% corresponding to the current tax rate.

Deferred tax asset

Calculated tax asset	1.290.100	884
Write-down to assessed value	-1.290.100	-884
Carrying amount	0	0

Notes to the Financial Statements

5 Contingent assets, liabilities and other financial obligations

Contingent liabilities

As security for bank debt, the Company has provided a charge on property, plant and equipment and cash at bank. The carrying amounts at 31 December 2015 of property, plant and equipment and cash at hand are USD 30,532k and USD 3,446k respectively.

The Danish group enterprises are jointly and severally liable for tax on the jointly taxed income of the Group and for Danish taxes at source such as dividend tax, tax on royalty payments and withholding tax. The total payable corporation tax is disclosed in the Annual Report of Selmont A/S, which is the management company of the joint taxation.

6 Related parties and ownership

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

Selmont A/S, Vejle, CVR No. 29 81 59 92

Accounting Policies

Basis of Preparation

Financial Statements of Christina Kirk A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in USD, which is the functional currency of the Company. At 31 December 2015 the exchange rate for USD compared to DKK is 683. The corresponding exchange rate at 31 December 2014 was 612.14.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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 at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Accounting Policies

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue comprises freight and demurrage revenue from the vessel. Revenue is recognised in the income statement as services are delivered. Uncompleted voyages are recognised with the share related to the financial year.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Accounting Policies

Other external expenses

Other external expenses comprise expenses related to administration.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with the parent and all Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Vessels	20 years
Residual value	USD 2,545,000

Accounting Policies

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Other fixed asset investments

Other fixed asset investments consist of deposits paid.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning the following year.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Accounting Policies

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.