

Viking Supply Ships A/S

c/o Gorrissen Federspiel
Axeltorv 2, 1609 København V
CVR no. 33 36 97 94

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 15.04.21

Trond Myklebust
Dirigent

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The company

Viking Supply Ships A/S
c/o Gorrissen Federspiel
Axeltorv 2
1609 København V
CVR no.: 33 36 97 94
Financial year: 01.01 - 31.12

Executive Board

Trond Myklebust

Board of Directors

Bengt Arve Rem
Erik Borgen
Anders Folke Patriksson
Per Magnus Sonnorp
Lars Håkan Larsson

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.20 - 31.12.20 for Viking Supply Ships A/S.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.20 and of the results of the company's activities for the financial year 01.01.20 - 31.12.20.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, April 14, 2021

Executive Board

Trond Myklebust

Board of Directors

Bengt Arve Rem
Chairman

Erik Borgen

Anders Folke Patriksson

Per Magnus Sonnorp

Lars Håkan Larsson

To the Shareholder of Viking Supply Ships A/S**Opinion**

We have audited the financial statements of Viking Supply Ships A/S for the financial year 01.01.20 - 31.12.20, which comprise the income statement, balance sheet, statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.20 and of the results of the company's operations for the financial year 01.01.20 - 31.12.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing and the 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 our report. We are independent of the company in accordance with the International Ethics Standards Board for 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.

Emphasis of matter

Without this having affected our opinion, we point out, that according to plan prepared by management and shareholder, later in 2021, it will be decided on a general meeting, that the company will be dissolved under the rules on solvent liquidation of the Danish Companies Act. The annual report has been prepared with this in mind.

The recognition and measurement of the company's assets and liabilities have been changed to net realisable values, and the classification and presentation have also been adjusted. We agree with the management's choice of accounting policies and refer to the description in the accounting policies.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, 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 management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 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 financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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.

Soeborg, Copenhagen, April 14, 2021

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jan Stender

State Authorized Public Accountant
MNE-no. mne34090

FINANCIAL HIGHLIGHTS**Key figures**

Figures in USD '000	2020	2019	2018	2017	2016
<i>Profit/loss</i>					
Gross result	-1,201	6,290	-7,333	-11,524	3,814
Operating loss	-1,209	-1,169	-17,179	-23,924	-8,464
Total net financials	-17,231	5,423	219,944	-16,296	-35,530
Loss for the year	-18,440	-19,435	202,765	-40,220	-43,994

Balance

Total assets	196,329	217,245	521,488	267,663	312,291
Investments in property, plant and equipment	154	0	366	844	3,014
Equity	195,803	214,175	347,212	129,143	155,533

Ratios

	2020	2019	2018	2017	2016
<i>Equity ratio</i>					
Equity interest	100%	99%	67%	48%	50%

With effect by January 1st 2019, the company merged with the subsidiaries Viking Supply Ships 5 ApS and Viking Supply Ships Crewing Aps. No changes in the comparative figures have been made.

Ratios definitions

Equity interest:
$$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$$

Primary activities

In earlier years, the company's activities has comprised of offshore and icebreaking services to major oil companies primarily in the North Sea, Arctic and Subarctic waters. In the beginning of 2020, the company has sold it's last remaining vessel and hereafter the company has solely function as a holding company.

Development in activities and financial affairs

The income statement for the period 01.01.20 - 31.12.20 shows a profit/loss of USD'000 -18,440 against USD'000 -19,435 for the period 01.01.19 - 31.12.19. The balance sheet shows equity of USD'000 195,803.

This year's loss of USD'000 18,440 is in level with expectations.

Outlook

According to plan prepared by management and shareholder, later in 2021, it will be decided, that the company will be dissolved under the rules on solvent liquidation of the Danish Companies Act. The liquidation of the company is expected to be completed before the end of 2021, after which the company's assets and liabilities will be transferred to a Norwegian group company.

Knowledge resources

The group, of which the company is a part, provides a high and competitive service quality on its fleet of vessels. This requires a high level of competence and the group invests a substantial amount of resources in improving the competences of the group's employees. The group, of which the company is a part, offers internal and external training programs tailor made to each individual employee.

External environment

The company and its subsidiaries performs its operations and services in such a way that the impact on the environment is as low as reasonable practicable and so that international and national environmental laws are adhered to.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	2020 USD '000	2019 USD '000
	-1,201	6,290
6 Staff costs	-8	-928
	-1,209	5,362
Depreciation and impairments losses of property, plant and equipment	0	-6,531
Other operating expenses	0	-23,689
	-1,209	-24,858
3 Income from equity investments in group enterprises	-18,187	982
7 Financial income	2,147	5,210
8 Financial expenses	-1,191	-769
	-18,440	-19,435
Tax on loss for the year	0	0
	-18,440	-19,435
9 Distribution of net profit		

ASSETS		31.12.20	31.12.19
Note		USD '000	USD '000
	Prepayments for property, plant and equipment	154	0
10	Total property, plant and equipment	154	0
12	Equity investments in group enterprises	137,895	131,131
13	Receivables from group enterprises	0	8,274
	Total investments	137,895	139,405
	Total non-current assets	138,049	139,405
	Raw materials and consumables	0	71
	Total inventories	0	71
	Trade receivables	0	1,024
	Receivables from group enterprises	49,143	8,591
	Other receivables	6	1,478
11	Prepayments	153	134
	Total receivables	49,302	11,227
	Cash	8,978	20,202
4	Discontinuing operations	0	46,340
	Total current assets	58,280	77,840
	Total assets	196,329	217,245

EQUITY AND LIABILITIES		31.12.20	31.12.19
Note		USD '000	USD '000
14	Share capital	61	61
	Retained earnings	195,742	214,114
Total equity		195,803	214,175
	Trade payables	102	231
	Payables to group enterprises	0	1,444
	Other payables	424	1,395
Total short-term payables		526	3,070
Total payables		526	3,070
Total equity and liabilities		196,329	217,245

2 Contingent liabilities

1 Related parties

Statement of changes in equity

Figures in USD '000	Share capital	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.19 - 31.12.19				
Balance as at 01.01.19	61	218,171	113,468	347,212
Net effect of mergers and acquisition of enterprises	0	15,554	0	42
Adjusted balance as at 01.01.19	61	233,725	113,468	347,254
Foreign currency translation adjustment of foreign enterprises	0	-176	0	-176
Dividend paid	0	0	-113,468	-113,468
Net profit/loss for the year	0	-19,435	0	-19,435
Balance as at 31.12.19	61	214,114	0	214,175
Statement of changes in equity for 01.01.20 - 31.12.20				
Balance as at 01.01.20	61	214,114	0	214,175
Foreign currency translation adjustment of foreign enterprises	0	68	0	68
Net profit/loss for the year	0	-18,440	0	-18,440
Balance as at 31.12.20	61	195,742	0	195,803

1. Related parties

Controlling influence	Basis of influence
Kistefos AS, Norway	Ultimate parent company
Viking Supply Ship AB, Sweden	Shareholder

Transactions	Relation	2020 USD '000
Management fee	From parent company	1,047
Intercompany interest income	From group enterprises	1,972

Remuneration for the management is specified in note 6. Staff costs.

Balances	31.12.20 USD '000
Receivables from group enterprises	49,143

Other related parties:

All entities in the Kistefos Holding AS Group are related parties. Other related parties are members of the supervisory and executive boards, executive officers and their family members. Related parties further include companies in which said persons hold significant interests.

The company is included in the consolidated financial statement for financial year 2020 of the parent company Viking Supply Ship AB, Sweden. This consolidated financial statement can be obtained on website www.cvr.dk under Viking Supply Ships A/S. Furthermore the company is included in the consolidated financial statements of the ultimate parent company Kistefos AS, Norway. This consolidated financial statement can be obtained on website www.kistefos.no.

2. Contingent liabilities

The company has no contingent liabilities as at 31.12.20.

	2020 USD '000	2019 USD '000
3. Income from equity investments in group enterprises		
Share of profit or loss of group enterprises	-5,994	982
Elimination of intercompany gains and losses	-12,193	0
Total	-18,187	982

4. Discontinuing operations

Offshore is being discontinued. The activity is recognised in the company's balance sheet with the following amounts:

Assets relating to discontinuing operations:

Vessels	0	46,251
Other fixtures and fittings, tools and equipment	0	89
Total assets relating to discontinuing operations	0	46,340

5. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2020 USD '000	2019 USD '000
Loss on disposal of vessels	Other operating expenses	0	-23,689

	2020 USD '000	2019 USD '000
6. Staff costs		
Wages and salaries	1	776
Pensions	0	49
Other social security costs	0	95
Other staff costs	7	8
Total	8	928
Average number of employees during the year	0	2
Remuneration for the management:		
Remuneration for the Executive Board and Board of Directors	0	622

7. Financial income

Interest, group enterprises	1,972	2,089
Other financial income	175	3,121
Total	2,147	5,210

8. Financial expenses

Interest, group enterprises	0	118
Other financial expenses	1,191	651
Total	1,191	769

	2020	2019
	USD '000	USD '000

9. Distribution of net profit

Retained earnings	-18,440	-19,435
Total	-18,440	-19,435

10. Property, plant and equipment

Figures in USD '000	Prepayments for property, plant and equipment
Cost as at 01.01.20	0
Additions during the year	154
Cost as at 31.12.20	154
Carrying amount as at 31.12.20	154

11. Prepayments

Prepaid insurance premiums	0	48
Other prepayments	153	86
Total	153	134

12. Equity investments in group enterprises

Figures in USD '000	Equity invest- ments in group enterprises
Cost as at 01.01.20	286,563
Additions during the year	12,691
Cost as at 31.12.20	299,254
Depreciation and impairment losses as at 01.01.20	-155,433
Foreign currency translation adjustment of foreign enterprises	68
Net profit/loss from equity investments	-5,994
Depreciation and impairment losses as at 31.12.20	-161,359
Carrying amount as at 31.12.20	137,895
	Ownership interest
Name and registered office:	
Subsidiaries:	
Viking Supply Ships Management AB, Stenungsund, Sweden	100%
Viking Icebreaker Management AB, Stenungsund, Sweden	100%
Viking Supply Ships AS, Kristiansand, Norway	100%
Viking Supply Ships PSV AS, Kristiansand, Norway	100%
VSS Loke Limited, Cyprus	100%
Nord Viking LTD, Cyprus	100%
VSS Magne Limited, Cyprus	100%
VSS Brage Limited, Cyprus	100%
Viking Supply Ships Seafarers AS, Kristianssand, Norway	100%
Viking Ice Consultancy AS, Kristiansand, Norway	100%
Viking Supply Ships Holdings Ltd., Aberdeen, Scotland	100%

Viking Supply Ships Ltd., Aberdeen, Scotland	100%
Viking Supply Ships Ltd., Moscow, Russia	100%
VSS Holdings AS, Kristianssand, Norway	100%
VSS Njord AS, Kristianssand. Norway	100%
VSS Magne AS, Kristianssand. Norway	100%
VSS Brage AS, Kristianssand. Norway	100%
VSS Loke AS, Kristianssand. Norway	100%

13. Other non-current financial assets

Figures in USD '000	Receivables from group enterprises
Cost as at 01.01.20	8,274
Foreign currency translation adjustment of foreign enterprises	-44
Additions during the year	560
Disposals during the year	-8,790
Cost as at 31.12.20	0
Carrying amount as at 31.12.20	0

14. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share capital	5,006	60,629
Total		60,629

15. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C with application of provisions for a higher reporting class.

According to plan prepared by management and shareholder, later in 2021, it will be decided on a general meeting, that the company will be dissolved under the rules on solvent liquidation of the Danish Companies Act (*Selskabsloven*). The accounting policies have been applied consistently with previous years, but the rules on recognition, measurement and classification have been applied taking into account that the the company assets and liabilities are expected to be realised as a result of the liquidation. The comparative figures have not been restated.

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is a subsidiary of Viking Supply Ship AB, Sweden, business registration number 556161-0113, which prepares consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

BUSINESS COMBINATIONS

For combined enterprises subject to common control, the pooling of interests method is used. The pooling of interests is deemed to be completed at the beginning of the financial year without restatement of comparative figures. The difference between the agreed consideration and the equity value of the acquired enterprise is recognised in equity.

15. Accounting policies - continued -**CURRENCY**

The annual report is presented in USD. The exchange rate is 6,068 as at 31.12.20 and 6,707 as at 31.12.19.

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable 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 under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

INCOME STATEMENT**Gross result**

Gross result comprises revenue, other operating income and cost of sales and other external expenses.

Revenue

Revenues related to voyages are reorganised successively in relation to the voyage degree of completion of the balance sheet date. The voyage degree of completion is calculated on the basis of the number of travel days on the balance sheet date in relation to the total number of travel days for the voyage.

Other revenues, such as services and external ship management assignments, are reorganised only after agreement is reached with the customer and the service has been delivered.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including gains on the sale of vessels.

15. Accounting policies - continued -**Cost of sales**

Cost of sales comprises of costs related to the operation and maintenance of ships, bunkers and harbour costs, muster journeys, and crew member costs.

Other external expenses

Other external expenses comprise costs relating to the primary activity, which incurred during the year, including administration costs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Vessels	25 - 30	0 - 30
Other plant, fixtures and fittings, tools and equipment	2,5 - 5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including losses on the sale of vessels.

Income from equity investments in group enterprises

For equity investments in equity investments in subsidiaries, measured using the equity

15. Accounting policies - continued -

method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET**Property, plant and equipment***Vessels*

On initial recognition, vessels are measured at cost. Cost comprises the purchase price and expenses resulting directly from the purchase, including expenses attributable to the preparation of the asset, until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

On acquisition, cost is decomposed into the vessel and vessel components, which are depreciated separately. Vessels are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Proportionate depreciation is provided for vessel components, which are subject to periodic inspections and/or replacement, in line with the actual number of engine hours used until the next periodic inspection and/or replacement when the vessel is treated as being disposed of. Replacement or renovation costs are recognised in the balance sheet as separate assets when the vessel component is ready for use.

Vessels and vessel components are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Other property, plant and equipment

Other property, plant and equipment comprise other fixtures and fittings, tools and equipment.

15. Accounting policies - continued -

Other property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Other property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Prepayments for property, plant and equipment

Prepayments for property, plant and equipment comprise prepayments to suppliers.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a consolidation method.

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the income statement at the date incurred.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

For equity investments measured according to the equity method, the proportionate share of the equity investments' equity value is determined according to the accounting policies of

15. Accounting policies - continued -

the parent, stated in the other sections.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value. Inventories primarily consist of bunkerfuel on the company's vessels.

The cost of raw materials and consumables is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of the inventories is determined as the expected selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability and the expected development in the selling price.

15. Accounting policies - continued -**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separated item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

15. Accounting policies - continued -**Payables**

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the company is included in the consolidated cash flow statement for Viking Supply Ships AB, Sweden.

DISCONTINUING OPERATIONS

Discontinuing operations comprise significant business areas and activities that according to an overall plan must be disposed of, closed down or relinquished, and which may be separated from the continuing operations. Discontinuing operations comprise the actually discontinued operations for the year and operations that are discontinuing but still in existence at the balance sheet date. Assets and liabilities as well as income and expenses included in discontinuing operations are recognised and measured in accordance with the company's accounting policies.

The net profit or loss from discontinuing operations is presented separately in the income statement after continuing operations. Assets and liabilities relating to discontinuing operations are also presented separately in the balance sheet as current assets and short-term payables, respectively.