Stena Weco A/S

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 1 January - 31 December 2015

CVR No 33 39 69 53

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 18/5 2016

Morten Rich
Chairman

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Stena Weco 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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows 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.

Rungsted Kyst, 13 May 2016

Executive Board

Per Lars Erik Hånell	Johnny Schmølker

Board of Directors

Johan Wedell-Wedellsborg Chairman	Carl Joakim Carlsson Ullman	Per Lars Erik Hånell
Oluf Myhrmann		

Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements

To the Shareholders of Stena Weco A/S

Report on the Financial Statements and the Consolidated Financial Statements

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

Management's Responsibility for the Financial Statements and the Consolidated Financial Statements

Management is responsible for the preparation of Financial Statements and the Consolidated 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 and Consolidated 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 and the Consolidated 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 and the Consolidated 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 and the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements and the Consolidated 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 and Consolidated 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 and the Consolidated 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.

Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements

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

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 and the Consolidated Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements.

Hellerup, 13 May 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff	Mark Philip Beer
State Authorised Public Accountant	State Authorised Public Accountant

Company Information

The Company	Stena Weco A/S Rungsted Strandvej 113 DK-2960 Rungsted Kyst Telephone: + 45 45 17 77 00 Website: www.stenaweco.com CVR No: 33 39 69 53 Financial period: 1 January - 31 December Incorporated: 26 January 2011 Financial year: 5th financial year Municipality of reg. office: Hørsholm
Board of Directors	Johan Wedell-Wedellsborg, Chairman Carl Joakim Carlsson Ullman Per Lars Erik Hånell Oluf Myhrmann
Executive Board	Per Lars Erik Hånell Johnny Schmølker
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Lawyers	Bech-Bruun Langelinie Allé 35 DK-2100 København Ø
Bankers	Nordea Bank Danmark A/S Strandgade 3 DK-0900 København C

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2015	2014	2013	2012	2011
	USD '000	USD '000	USD '000	USD '000	USD '000
Key figures					
Profit/loss					
Revenue	579,192	499,337	429,540	360,349	267,151
Gross profit/loss	68,503	19,119	21,786	14,837	-3,746
Profit/loss before financial income and expenses	60,876	12,553	14,766	9,116	-7,794
Net financials	5,132	2,831	888	-313	-145
Net profit/loss for the year	65,142	14,971	14,423	8,442	-8,218
Balance sheet					
Balance sheet total	114,980	73,539	64,193	64,329	52,585
Equity	53,275	29,007	29,904	15,528	6,983
Cash flows					
Cash flows from:					
- operating activities	76,854	5,194	9,006	-3,027	1,901
- investing activities	6,516	0	0	-500	0
including investment in property, plant and equipment	0	0	0	-2,448	14,700
- financing activities	-43,527	-4,985	-9,162	-5,972	16,601
Change in cash and cash equivalents for the year	39,843	209	-156	-9,499	18,502
Number of employees	29	27	28	20	22
Ratios					
Gross margin	11.8%	3.8%	5.1%	4.1%	-1.4%
Profit margin	10.5%	2.5%	3.4%	2.5%	-2.9%
Return on assets	52.9%	17.1%	23.0%	14.2%	-14.8%
Solvency ratio	46.3%	39.4%	46.6%	24.1%	13.3%
Return on equity	158.3%	50.8%	63.5%	75.0%	-235.4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

The primary activity of the enterprise is transportation of vegetable oil, chemicals and other oil products.

Development in the year

The income statement of the Group for 2015 shows a profit of t. USD 65,142, and at 31 December 2015 the balance sheet of the Group shows equity of t. USD 53,275.

Stena Weco is run as a joint venture between Stena Bulk AB and Weco Shipping A/S.

The strong freight rates that started back in the 4th quarter of 2014 have continued throughout all of 2015 and thus the year's expected result a profit of between 8 to 14 million USD have been surpassed by far.

Management currently assesses the Group's opportunities and the need to adapt to current market conditions. This has, among other things, implied that the Company has increased its activities both with respect to COAs, the employment of ships and total freight tonnage.

During the year, the Company has on an ad hoc basis engaged approximately 116 chartered tankers of 40,000 and 60,000 dwt.

The Company has established two branches in the USA and Singapore, respectively.

Special risks - operating risks and financial risks

Market risks

The Company's freight income is mainly generated by voyages agreed at the market terms on the date concerned. Consequently, there may be significant fluctuations in earnings. The freight rates are to some extent hedged against fluctuations through the conclusion of consecutive freight agreements, loading contracts, COA and time charters.

In case of shipping accidents that may result in oil or chemical spillage, according to international rules significant financial obligations may be imposed on the Company for clean-up work. In order to meet this risk, the widest possible insurance cover has been established, covering damage to the environment and pollution, damage to vessels and cargo, third-party liability and war risk.

Fluctuations in the price of bunkers affect the operating profit. Price agreements are entered into concerning future purchases of bunkers when the market conditions are estimated to lead to increasing bunkers prices. It is the Company's objective that the expected bunkers consumption of all contracts should be covered at the conclusion of the contract.

Management's Review

Foreign exchange risks

Most of the Company's income is in USD, as are most of the Company's expenses. Therefore, Management has not considered it relevant to hedge commercial currency risks.

Interest rate risks

The Company has no other long-term debt. Therefore, Management has assessed that the Company is not exposed to any interest rate risks.

Strategy and objectives

Strategy

Management expects the cooperation between Stena Weco and Golden Maritime Pte. Ltd.Agri to improve the tanker division's competitiveness and market position and thus contribute positively to the Group's future development. Continuous efforts are being made to increase the quality and the efficiency of the work performed at all levels in the Group in order to maintain/strengthen the Company's competitive power.

Targets and expectations for the year ahead

Management expects declining freight rates in 2016 compared to last year's perfect storm, and in conjunction with the commercial adjustments made, a profit of between 8 to 14 million USD is expected for 2016 which is at the level of 2012 and 2014

Basis of earnings

Intellectual capital

The Company delivers transport solutions. By virtue of internal professional competence and the wide range of services, the Company is able, in cooperation with customers and shipping agents, to add value for the customers by refining the qualities of the individual transportation product.

By retaining and recruiting new competences, and through cooperation, alliances and training, the Company increases its intellectual capital, which is a significant parameter in the development and bringing to perfection of new services.

The Company is committed to objectives, attitudes and strategies which systematically add value and form the basis of the Group's innovative capacity, and in order to stay successful, it is important for the Company to attract and retain well-educated employees who identify with the Company's core values. Therefore, considerable resources are invested in the continued training of the Company's employees. Moreover, the Company actively focuses on the welfare of its employees as well as the understanding of strategy and objectives across the entire organisation.

Management's Review

Annual job appraisal interviews are held for all employees at which goals and plans for the future as well as career opportunities are discussed and planned.

External environment

The Shipping Company focuses on maintaining and currently increasing the high level of quality, safety and environmental protection as important elements in the operation of the vessels.

New stricter rules relating to the construction of vessels, inspection and age limits as well as updated rules relating to security, safety and environment require continuous focus on operating the fleet in accordance with national and international conventions and regulations and on implementing new measures and requirements in good time.

As a minimum, all vessels are equipped and certified according to the recommendations of classification companies and the flag states. Daily operations include verification that the chartered tonnage complies with current rules and requirements.

Statutory report on Corporate Social Responsibility, cf. section 99 a of the Danish Financial Statements Act

Outside of those required by law, Stena Weco has not implemented any other environmental, climate, human rights or social policies at the level required by CSR reporting.

Gender distribution in Company Management

The Stena Weco Group has an overall policy of recruiting the best suited employees for any given position, irrespective of gender. In order to ensure the broadest possible recruitment basis, continuous efforts are made to create working conditions and a corporate culture that attract and retain qualified employees across gender, nationality and other criteria without importance to the performance.
The Stena Weco Group tries to optimise the use of its employee resources by giving everybody equal opportunities of developing professionally and career-wise at all levels.

Management's Review

Supreme governing body

Targets for the Board of Directors
Stena Weco A/S has due to regulation set a new target for having a minimum of 40% of each gender on the Board of Directors in 2018. Despite the continuous efforts to improve the gender equality among the members of the Board of Directors, the Group has been unable to attract qualified persons of the underrepresented gender. The current status of the underrepresented gender is 0%. The target was set in 2014.
Despite the Stena Weco Group's overall objective of attracting the broadest possible selection of qualified employees, there has been no change in the status of the underrepresented gender on the Board of Directors at present. In view of the general conditions in the business and the specific tasks of the Group's Board of Directors, it is Management's opinion that it will be very difficult to attract suitable candidates to improve the gender diversity of the Board of Directors.

Other management levels

With reference to the number of employees in the Group being less than 50 employees, the Company does not wish to disclose its policy for increasing the share of the underrepresented gender at the Company's other management levels.

Research and development activities

The Company is not engaged in any research and development activities.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2015 of the Group and the results of the activities and cash flows of the Group for the financial year for 2015 have not been affected by any unusual events.

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

	Note	Group		Parent Company	
		2015	2014	2015	2014
		USD '000	USD '000	USD '000	USD '000
Revenue	1	**579,192**	**499,337**	**579,192**	**499,337**
Other operating income		2,273	1,625	2,273	1,625
Expenses for tankers		-510,139	-479,183	-510,139	-479,185
Other external expenses		-2,823	-2,660	-5,798	-4,404
Gross profit/loss		**68,503**	**19,119**	**65,528**	**17,373**
Staff expenses	2	-7,607	-6,452	-4,664	-4,737
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-20	-114	-20	-114
Resultat før finansielle poster		**60,876**	**12,553**	**60,844**	**12,522**
Income from investments in subsidiaries	4	0	0	10	27
Income from investments in associates	5	5,179	3,018	5,179	3,018
Financial expenses		-47	-187	-30	-187
Profit/loss before tax		**66,008**	**15,384**	**66,003**	**15,380**
Tax on profit/loss for the year	6	-866	-413	-861	-409
Net profit/loss for the year		**65,142**	**14,971**	**65,142**	**14,971**

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	42,000	6,000
Reserve for net revaluation under the equity method	-1,292	2,015
Retained earnings	24,434	6,956
	65,142	**14,971**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2015	2014	2015	2014
		USD '000	USD '000	USD '000	USD '000
Other fixtures and fittings, tools and equipment		29	30	29	30
Property, plant and equipment	7	**29**	**30**	**29**	**30**
Investments in subsidiaries	8	0	0	134	101
Investments in associates	9	2,410	3,731	2,410	3,731
Fixed asset investments		**2,410**	**3,731**	**2,544**	**3,832**
Fixed assets		**2,439**	**3,761**	**2,573**	**3,862**
Bunkers		8,239	12,034	8,239	12,034
Inventories		**8,239**	**12,034**	**8,239**	**12,034**
Trade receivables		46,804	40,171	45,722	39,982
Receivables from group enterprises		0	0	1	0
Receivables from associates		1,002	0	1,002	0
Other receivables		1,282	1,736	1,282	1,735
Prepayments		4,333	4,799	4,322	4,791
Receivables		**53,421**	**46,706**	**52,329**	**46,508**
Cash at bank and in hand		**50,881**	**11,038**	**50,815**	**10,992**
Currents assets		**112,541**	**69,778**	**111,383**	**69,534**
Assets		**114,980**	**73,539**	**113,956**	**73,396**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
		USD '000	USD '000	USD '000	USD '000
Share capital		367	367	367	367
Reserve for net revaluation under the equity method		1,910	3,230	2,039	3,331
Retained earnings		50,998	25,410	50,869	25,309
Equity		**53,275**	**29,007**	**53,275**	**29,007**
Trade payables		35,151	27,087	34,128	26,944
Payables to associates		0	1,528	0	1,528
Corporation tax		9	623	9	623
Other payables		18,400	8,625	18,399	8,625
Deferred income		8,145	6,669	8,145	6,669
Short-term debt		**61,705**	**44,532**	**60,681**	**44,389**
Debt		**61,705**	**44,532**	**60,681**	**44,389**
Liabilities and equity		**114,980**	**73,539**	**113,956**	**73,396**
Contingent assets, liabilities and other financial obligations	10				
Fee to auditors appointed at the general meeting	11				
Related parties and ownership	12				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	USD '000	USD '000	USD '000	USD '000
Equity at 1 January	367	3,230	25,410	29,007
Extraordinary dividend paid	0	0	-42,000	-42,000
Fair value adjustment of hedging instruments, beginning of year	0	0	9,814	9,814
Fair value adjustment of hedging instruments, end of year	0	0	-8,688	-8,688
Net profit/loss for the year	0	-1,320	66,462	65,142
Equity at 31 December	**367**	**1,910**	**50,998**	**53,275**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	USD '000	USD '000	USD '000	USD '000
Equity at 1 January	367	3,331	25,309	29,007
Extraordinary dividend paid	0	0	-42,000	-42,000
Fair value adjustment of hedging instruments, beginning of year	0	0	9,814	9,814
Fair value adjustment of hedging instruments, end of year	0	0	-8,688	-8,688
Net profit/loss for the year	0	-1,292	66,434	65,142
Equity at 31 December	**367**	**2,039**	**50,869**	**53,275**

Cash Flow Statement 1 January - 31 December

	Note	Group 2015	Group 2014
		USD '000	USD '000
Net profit/loss for the year		65,142	14,971
Adjustments		-4,281	-1,999
Change in working capital		17,524	-8,284
Cash flows from operating activities before financial income and expenses		**78,385**	**4,688**
Financial expenses		-51	-184
Cash flows from ordinary activities		**78,334**	**4,504**
Corporation tax paid		-1,480	690
Cash flows from operating activities		**76,854**	**5,194**
Fixed asset investments made etc		0	-1,000
Sale of property, plant and equipment		16	0
Dividends received from associates		6,500	1,000
Cash flows from investing activities		**6,516**	**0**
Repayment of payables to associates		-1,527	1,015
Dividend paid		-42,000	-6,000
Cash flows from financing activities		**-43,527**	**-4,985**
Change in cash and cash equivalents		**39,843**	**209**
Cash and cash equivalents at 1 January		11,038	10,829
Cash and cash equivalents at 31 December		**50,881**	**11,038**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		50,881	11,038
Cash and cash equivalents at 31 December		**50,881**	**11,038**

Notes to the Annual Report

	Group		Parent Company	
	2015	2014	2015	2014
	USD '000	USD '000	USD '000	USD '000

1 Revenue

	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Geographical segments				
Globally	579,192	499,337	579,192	499,337
	579,192	**499,337**	**579,192**	**499,337**
Business segments				
Tanker shipping	579,192	499,337	579,192	499,337
	579,192	**499,337**	**579,192**	**499,337**

2 Staff expenses

	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Wages and salaries	7,507	6,338	4,564	4,623
Pensions	90	102	90	102
Other social security expenses	10	12	10	12
	7,607	**6,452**	**4,664**	**4,737**
Including remuneration to the Executive Board	**408**	**434**	**408**	**434**
Average number of employees	**29**	**27**	**20**	**18**

Notes to the Annual Report

	Group		Parent Company	
	2015	2014	2015	2014
	USD '000	USD '000	USD '000	USD '000

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	0	108	0	108
Depreciation of property, plant and equipment	20	6	20	6
	20	**114**	**20**	**114**
Which is specified as follows:				
Goodwill	0	108	0	108
Other fixtures and fittings, tools and equipment	20	6	20	6
	20	**114**	**20**	**114**

4 Income from investments in subsidiaries

Share of profits/losses of subsidiaries			10	27
			10	**27**

5 Income from investments in associates

Share of profits of associates	5,179	3,018	5,179	3,018
	5,179	**3,018**	**5,179**	**3,018**

6 Tax on profit/loss for the year

Current tax for the year	961	1,283	956	1,279
Adjustment of tax concerning previous years	-95	-870	-95	-870
	866	**413**	**861**	**409**

7 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	USD '000
Cost at 1 January	99
Additions for the year	19
Disposals for the year	-47
Cost at 31 December	71
Impairment losses and depreciation at 1 January	69
Depreciation for the year	20
Reversal of impairment and depreciation of sold assets	-47
Impairment losses and depreciation at 31 December	42
Carrying amount at 31 December	**29**
Depreciated over	3 - 5 years

Notes to the Annual Report

7 Property, plant and equipment (continued)

Parent Company

	Other fixtures and fittings, tools and equipment
	USD '000
Cost at 1 January	99
Additions for the year	19
Disposals for the year	-47
Kostpris at 31 December	71
Impairment losses and depreciation at 1 January	69
Depreciation for the year	20
Reversal of impairment and depreciation of sold assets	-47
Impairment losses and depreciation at 31 December	42
Carrying amount at 31 December	**29**
Depreciated over	3 - 5 years

Notes to the Annual Report

8 Investments in subsidiaries

	Parent Company	
	2015	2014
	USD '000	USD '000
Cost at 1 January	0	25
Additions for the year	167	0
Disposals for the year	-162	-25
Cost at 31 December	5	0
Value adjustments at 1 January	101	102
Disposals for the year	18	-27
Net profit/loss for the year	10	26
Value adjustments at 31 December	129	101
Carrying amount at 31 December	**134**	**101**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Stenwec I ApS	Rungsted, Denmark	USD 14k	100%	4	-1
Stena Weco LLC	Houston, USA		100%	130	28

Notes to the Annual Report

9 Investments in associates

	Group 2015 USD '000	Group 2014 USD '000	Parent Company 2015 USD '000	Parent Company 2014 USD '000
Cost at 1 January	500	500	500	500
Cost at 31 December	500	500	500	500
Value adjustments at 1 January	3,231	1,214	3,231	1,214
Net profit/loss for the year	5,179	3,017	5,179	3,017
Dividends received	-6,500	-1,000	-6,500	-1,000
Value adjustments at 31 December	1,910	3,231	1,910	3,231
Carrying amount at 31 December	**2,410**	**3,731**	**2,410**	**3,731**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Golden Stena Weco Pte. Ltd.	Singapore	USD 500,000	50%	4,821	10,358

10 Contingent assets, liabilities and other financial obligations

	Group 2015 USD '000	Group 2014 USD '000	Parent Company 2015 USD '000	Parent Company 2014 USD '000
Rental agreements and leases				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	144,311	144,634	144,311	144,634
Between 1 and 5 years	153,164	91,152	153,164	91,152
	297,475	**235,786**	**297,475**	**235,786**
Security				
The following assets have been placed as security with bank connections:				
Cash at bank and at hand	2,452	0	2,452	0

Notes to the Annual Report

	Group		Parent Company	
	2015	2014	2015	2014
	USD '000	USD '000	USD '000	USD '000
11 Fee to auditors appointed at the general meeting				
Audit fee to PricewaterhouseCoopers	33	37	32	37
Tax advisory services	8	22	8	22
Other services	7	11	7	11
	48	**70**	**47**	**70**

12 Related parties and ownership

Transactions

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, which have not been conducted at arm's length terms.

Accounting Policies

Basis of Preparation

Consolidated and Parent Company Financial Statements of Stena Weco A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2015 are presented in USD 1,000.

Recognition and measurement

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 depreceation, amotisation, 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.

USD is used as the measurement currency. All other currencies are regarded as foreign currencies.

Basis of consolidation

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Accounting Policies

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

Amortisation of goodwill is recognised in “Amortisation, depreciation and impairment losses”.

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

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.

Accounting Policies

Income Statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Expenses for tankers

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

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Accounting Policies

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 3 years.

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:

Other fixtures and fittings, tools and equipment	3 - 5 years

Impairment of fixed assets

The carrying amounts of intangible assets and 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, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries and associates.

Accounting Policies

Subsidiaries and associates with a negative net asset value are recognised at USD 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

Prepayments comprise prepaid expenses concerning future financial years.

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.

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.

Accounting Policies

Financial debts

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

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”

The cash flow statement cannot be immediately derived from the published financial records.

Accounting Policies

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$