Stena Weco A/S

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 1 January - 31 December 2016

CVR No 33 39 69 53

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 1 /5 2017

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 2016.

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 2016 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2016.

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, 3 April 2017

Direktion

Per Lars Erik Hånell	Johnny Schmølker

Bestyrelse

Johan Wedell-Wedellsborg Chairman	Carl-Johan Wilhelm Bertil Hagman	Per Lars Erik Hånell
Oluf Myhrmann		

Independent Auditor's Report

To the Shareholders of Stena Weco A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements and the Consolidated Financial Statements of Stena Weco A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Group 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.

Statement on 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of 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 Group's and 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 Group or 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 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 Company's and the Group'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 Group's and 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 3 April 2017
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: 6th financial year Municipality of reg. office: Hørsholm
Board of Directors	Johan Wedell-Wedellsborg, Chairman Carl-Johan Wilhelm Bertil Hagman 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				
	2016	2015	2014	2013	2012
	USD '000	USD '000	USD '000	USD '000	USD '000
Key figures					
Profit/loss					
Revenue	415,007	579,192	499,337	429,540	360,349
Gross profit/loss	20,551	68,503	19,119	21,786	14,837
Profit/loss before financial income and expenses	13,368	60,876	12,553	14,766	9,116
Net financials	91	5,132	2,831	888	-313
Net profit/loss for the year	12,803	65,142	14,971	14,423	8,442
Balance sheet					
Balance sheet total	131,957	114,980	75,539	64,193	64,329
Equity	57,143	53,275	29,007	29,904	15,528
Cash flows					
Cash flows from:					
- operating activities	23,999	76,854	5,194	9,006	-3,027
- investing activities	-45,922	6,516	0	0	-500
including investment in property, plant and equipment	-47,672	0	0	0	-2,448
- financing activities	5,569	-43,527	-4,985	-9,162	-5,972
Change in cash and cash equivalents for the year	-16,354	39,843	209	-156	-9,499
Number of employees	28	29	27	28	20
Ratios					
Gross margin	5.0%	11.8%	3.8%	5.1%	4.1%
Profit margin	3.2%	10.5%	2.5%	3.4%	2.5%
Return on assets	10.1%	52.9%	17.1%	23.0%	14.2%
Solvency ratio	43.3%	46.3%	39.4%	46.6%	24.1%
Return on equity	23.2%	158.3%	50.8%	63.5%	75.0%

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 2016 shows a profit of t. USD 12,803, and at 31 December 2016 the balance sheet of the Group shows equity of t. USD 57,143.

The Management expectations for declining freight rates for 2016 came as predicted and the expected result was achieved.

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

During the year, the Company has on an ad hoc basis engaged approximately 82 chartered tankers of 40,000 and 60,000 dwt.

The Company has established a branch in the Dubai and has two other branches in 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´s long-term debt are measured in USD, which also is the functional currency. Therefore, Management has assessed that the Company is not exposed to any interest rate risks.

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 from 2016 to continue onwards in 2017, and in conjunction with the commercial adjustments made, a loss of between 6 to 10 million USD is expected for 2017 which due to the market conditions is not considered a bad result.

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 FinancialStatements 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

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 2016 of the Group and the results of the activities and cash flows of the Group for the financial year for 2016 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 2016	Group 2015	Parent Company 2016	Parent Company 2015
		USD '000	USD '000	USD '000	USD '000
Revenue	1	**415,007**	**579,192**	**414,610**	**579,192**
Other operating income		1,952	2,273	1,952	2,273
Expenses for tankers		-393,151	-510,139	-395,661	-510,139
Other external expenses		-3,257	-2,823	-5,359	-5,798
Gross profit/loss		**20,551**	**68,503**	**15,542**	**65,528**
Staff expenses	2	-6,268	-7,607	-4,156	-4,664
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-915	-20	-22	-20
Resultat før finansielle poster		**13,368**	**60,876**	**11,364**	**60,844**
Income from investments in subsidiaries	4	0	0	1,381	10
Income from investments in associates	5	756	5,179	756	5,179
Financial income		2	0	2	0
Financial expenses		-667	-47	-68	-30
Profit/loss before tax		**13,459**	**66,008**	**13,435**	**66,003**
Tax on profit/loss for the year	6	-656	-866	-632	-861
Net profit/loss for the year		**12,803**	**65,142**	**12,803**	**65,142**

Distribution of profit

Proposed distribution of profit

	2016	2015
Extraordinary dividend paid	20,000	42,000
Reserve for net revaluation under the equity method	388	-1,292
Retained earnings	-7,585	24,434
	12,803	**65,142**

Balance Sheet 31 December

Assets

	Note	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
		USD '000	USD '000	USD '000	USD '000
Other fixtures and fittings, tools and equipment		8	29	8	29
Vessels		37,685	0	0	0
Property, plant and equipment in progress		9,095	0	9,095	0
Property, plant and equipment	7	**46,788**	**29**	**9,103**	**29**
Investments in subsidiaries	8	0	0	14,065	134
Investments in associates	9	1,416	2,410	1,416	2,410
Fixed asset investments		**1,416**	**2,410**	**15,481**	**2,544**
Fixed assets		**48,204**	**2,439**	**24,584**	**2,573**
Bunkers		10,437	8,239	10,332	8,239
Inventories		**10,437**	**8,239**	**10,332**	**8,239**
Trade receivables		29,523	46,804	28,693	45,722
Receivables from group enterprises		0	0	3,074	1
Receivables from associates		0	1,002	0	1,002
Other receivables		4,640	1,282	3,278	1,282
Corporation tax		33	0	33	0
Prepayments		4,593	4,333	4,316	4,322
Receivables		**38,789**	**53,421**	**39,394**	**52,329**
Cash at bank and in hand		**34,527**	**50,881**	**31,983**	**50,815**
Currents assets		**83,753**	**112,541**	**81,709**	**111,383**
Assets		**131,957**	**114,980**	**106,293**	**113,956**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
		USD '000	USD '000	USD '000	USD '000
Share capital		367	367	367	367
Reserve for net revaluation under the equity method		916	1,910	2,427	2,039
Retained earnings		55,860	50,998	54,349	50,869
Equity		**57,143**	**53,275**	**57,143**	**53,275**
Credit institutions		23,589	0	0	0
Long-term debt	10	**23,589**	**0**	**0**	**0**
Credit institutions	10	1,747	0	0	0
Trade payables		21,783	35,151	21,208	34,128
Payables to group enterprises		0	0	1,136	0
Payables to associates		233	0	233	0
Corporation tax		0	9	0	9
Other payables		20,715	18,400	19,826	18,399
Deferred income		6,747	8,145	6,747	8,145
Short-term debt		**51,225**	**61,705**	**49,150**	**60,681**
Debt		**74,814**	**61,705**	**49,150**	**60,681**
Liabilities and equity		**131,957**	**114,980**	**106,293**	**113,956**

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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	1,910	50,998	53,275
Extraordinary dividend paid	0	0	-20,000	-20,000
Fair value adjustment of hedging instruments, beginning of year	0	0	8,688	8,688
Fair value adjustment of hedging instruments, end of year	0	0	2,377	2,377
Net profit/loss for the year	0	-994	13,797	12,803
Equity at 31 December	**367**	**916**	**55,860**	**57,143**

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	2,039	50,869	53,275
Extraordinary dividend paid	0	0	-20,000	-20,000
Fair value adjustment of hedging instruments, beginning of year	0	0	8,688	8,688
Fair value adjustment of hedging instruments, end of year	0	0	2,377	2,377
Net profit/loss for the year	0	388	12,415	12,803
Equity at 31 December	**367**	**2,427**	**54,349**	**57,143**

Cash Flow Statement 1 January - 31 December

	Note	Group 2016	Group 2015
		USD '000	USD '000
Net profit/loss for the year		12,803	65,142
Adjustments		1,480	-4,281
Change in working capital		10,679	17,526
Cash flows from operating activities before financial income and expenses		**24,962**	**78,387**
Financial income		2	0
Financial expenses		-268	-53
Cash flows from ordinary activities		**24,696**	**78,334**
Corporation tax paid		-697	-1,480
Cash flows from operating activities		**23,999**	**76,854**
Purchase of property, plant and equipment		-47,672	16
Dividends received from associates		1,750	6,500
Cash flows from investing activities		**-45,922**	**6,516**
Raising of loans from credit institutions		25,337	0
Raising of loans from associates		232	-1,527
Dividend paid		-20,000	-42,000
Cash flows from financing activities		**5,569**	**-43,527**
Change in cash and cash equivalents		**-16,354**	**39,843**
Cash and cash equivalents at 1 January		50,881	11,038
Cash and cash equivalents at 31 December		**34,527**	**50,881**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		34,527	50,881
Cash and cash equivalents at 31 December		**34,527**	**50,881**

Notes to the Financial Statements

	Group		Parent Company	
	2016	2015	2016	2015
	USD '000	USD '000	USD '000	USD '000
1 Revenue				
Geographical segments				
Globally	415,007	579,192	414,610	579,192
	415,007	**579,192**	**414,610**	**579,192**
Business segments				
Tanker shipping	414,610	579,192	414,610	579,192
Other revenue	397	0	0	0
	415,007	**579,192**	**414,610**	**579,192**
2 Staff expenses				
Wages and salaries	6,153	7,507	4,041	4,564
Pensions	108	90	108	90
Other social security expenses	7	10	7	10
	6,268	**7,607**	**4,156**	**4,664**
Including remuneration to the Executive Board	**424**	**408**	**424**	**408**
Average number of employees	**28**	**29**	**14**	**20**

Notes to the Financial Statements

	Group		Parent Company	
	2016	2015	2016	2015
	USD '000	USD '000	USD '000	USD '000

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

	Group 2016	Group 2015	Parent 2016	Parent 2015
Depreciation of property, plant and equipment	915	20	22	20
	915	**20**	**22**	**20**
Which is specified as follows:				
Other fixtures and fittings, tools and equipment	22	20	22	20
Vessels	893	0	0	0
	915	**20**	**22**	**20**

4 Income from investments in subsidiaries

	Group 2016	Group 2015	Parent 2016	Parent 2015
Share of profits/losses of subsidiaries			1,381	10
			1,381	**10**

5 Income from investments in associates

	Group 2016	Group 2015	Parent 2016	Parent 2015
Share of profits of associates	756	5,179	756	5,179
	756	**5,179**	**756**	**5,179**

6 Tax on profit/loss for the year

	Group 2016	Group 2015	Parent 2016	Parent 2015
Current tax for the year	655	961	643	956
Adjustment of tax concerning previous years	1	-95	-11	-95
	656	**866**	**632**	**861**

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Vessels	Property, plant and equipment in progress	Total
	USD '000	USD '000	USD '000	USD '000
Cost at 1 January	71	0	0	71
Additions for the year	1	38,578	9,095	47,674
Cost at 31 December	72	38,578	9,095	47,745
Impairment losses and depreciation at 1 January	42	0	0	42
Depreciation for the year	22	893	0	915
Impairment losses and depreciation at 31 December	64	893	0	957
Carrying amount at 31 December	**8**	**37,685**	**9,095**	**46,788**
Depreciated over	3 - 5 years	25 years		

Parent Company

	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
	USD '000	USD '000	USD '000
Cost at 1 January	71	0	71
Additions for the year	1	9,095	9,096
Kostpris at 31 December	72	9,095	9,167
Impairment losses and depreciation at 1 January	42	0	42
Depreciation for the year	22	0	22
Impairment losses and depreciation at 31 December	64	0	64
Carrying amount at 31 December	**8**	**9,095**	**9,103**
Depreciated over	3 - 5 years		

Notes to the Financial Statements

8 Investments in subsidiaries

	Parent Company 2016	Parent Company 2015
	USD '000	USD '000
Cost at 1 January	5	4
Additions for the year	12,549	163
Disposals for the year	0	-162
Cost at 31 December	12,554	5
Value adjustments at 1 January	129	101
Disposals for the year	0	18
Net profit/loss for the year	1,382	10
Value adjustments at 31 December	1,511	129
Carrying amount at 31 December	**14,065**	**134**

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%	13,345	813
Stenwec II ApS	Rungsted, Denmark	USD 7k	100%	538	531
Stena Weco LLC	Houston, USA	USD 14k	100%	163	33
Stena Weco DMCC	Dubai	USD 14k	100%	19	5

9 Investments in associates

	Group 2016 USD '000	Group 2015 USD '000	Parent Company 2016 USD '000	Parent Company 2015 USD '000
Cost at 1 January	500	500	500	500
Cost at 31 December	500	500	500	500
Value adjustments at 1 January	1,910	3,231	1,910	3,231
Net profit/loss for the year	756	5,179	756	5,179
Dividends received	-1,750	-6,500	-1,750	-6,500
Value adjustments at 31 December	916	1,910	916	1,910
Carrying amount at 31 December	**1,416**	**2,410**	**1,416**	**2,410**

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	kUSD 500	50%	2,832	1,512

Notes to the Financial Statements

10 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2016	2015	2016	2015
	USD '000	USD '000	USD '000	USD '000
Credit institutions				
After 5 years	16,600	0	0	0
Between 1 and 5 years	6,989	0	0	0
Long-term part	23,589	0	0	0
Within 1 year	1,747	0	0	0
	25,336	**0**	**0**	**0**

11 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bank connections:				
Cash at bank and at hand	0	2,452	0	2,452

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	155,817	144,634	147,927	144,634
Between 1 and 5 years	152,365	91,152	138,685	91,152
	308,182	**235,786**	**286,612**	**235,786**

12 Related parties

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.

Notes to the Financial Statements

	Group		Parent Company	
	2016	2015	2016	2015
	USD '000	USD '000	USD '000	USD '000
13 Fee to auditors appointed at the general meeting				
Audit fee to PricewaterhouseCoopers	30	33	26	32
Tax advisory services	35	8	35	8
Other services	14	7	10	7
	79	**48**	**71**	**47**

Notes, Accounting Policies

Basis of Preparation

Consolidated and Parent Company Financial Statements of Stena Weco A/S for 2016 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 2016 are presented in k.USD. Applied USD exchange rate on the 31 December 2016 : 705,28 (2015 : 683,00)

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 rela-tion 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.

Notes, 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

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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 rates at the time when the receivable or the debt arose 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.

Notes, Accounting Policies

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

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

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.

Depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises.

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.

Notes, Accounting Policies

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in 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.

The Group is comprised by the tonnage tax regime. No provision is made for deferred tax since no deferred tax is expected to arise under the tonnage tax regime

The Company is jointly taxed with Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

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

Depreciation period and residual value are reassessed annually.

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 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.

Notes, Accounting Policies

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.

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.

Notes, Accounting Policies

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.

Financial debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

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”.

Notes, Accounting Policies

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

Financial Highlights

Explanation of financial ratios

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