Ultragas ApS

Smakkedalen 6, 2820 Gentofte

Annual report 2016

Adopted on the Annual General meeting of shareholders.

20 March 2017

Sidsel Bromose

Chairman

CVR-nr./CVR no. 34 09 34 82

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ultragas ApS for the financial period 1 January – 31 December 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and its financial position.

We recommend that the annual report be approved at the annual general meeting.

Gentofte, 8 March 2017

Executive Board:

Martin Fruergaard

Board of Directors:

Dag Von Appen Burose
Chairman

Enrique Reinaldo Ide
Valenzuela

Carsten Haagensen

Independent auditors' report

To the shareholders of Ultragas ApS

Opinion

We have audited the financial statements of Ultragas ApS for the financial year 1 January – 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 ISAs and 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

Independent auditors' report

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement 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 conclusion is 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditors' report

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 8 March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR-no. 30700228

Torben Bender State Authorised Public Accountant	Thomas Bruun Kofoed State Authorised Public Accountan

Independent auditors' report

Management's review

Company details

Ultragas ApS
Smakkedalen 6, 2820 Gentofte, Denmark

Telephone:	+45 6996 2110
Website:	www.Ultragas.dk
CVR no.:	34 09 34 82
Established:	29 december 2011
Registered office:	Gentofte, Denmark
Financial year:	1 January - 31 December

Board of Directors

Dag Karl Albert Von Appen Burose, Santiago, Chile - *Chairman*
Enrique Reinaldo Ide Valenzuela, Santiago, Chile
Carsten Haagensen, Hellerup, Denmark

Executive Board

Martin Fruergaard, CEO

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
P.O. Box 250
DK-2000 Frederiksberg

Annual general meeting

The annual general meeting is to be held on

.

Management's review

Financial highlights

USD'000	2016	2015	2014	2013	2012
Key figures					
Revenue	106,665	138,213	93,741	94,044	77,725
Ordinary operating profit/(loss)	-9,190	15,790	6,845	-872	3,432
Net profit from financial income and expenses	-864	-1,124	-3,428	632	654
Profit/(loss) for the year	**-10,128**	**14,588**	**3,355**	**-381**	**3,926**
Non-current assets	1,315	1,481	1,462	2,350	1,662
Current assets	19,606	24,426	15,105	15,877	8,536
Total assets	**20,921**	**25,908**	**16,567**	**18,227**	**10,198**
Share capital	37	37	37	37	37
Equity	**12,277**	**22,444**	**7,954**	**4,789**	**5,094**
Current liabilities other than provisions	8,644	3,464	8,613	13,438	5,104
Cash flows from operating activities	-6,658	11,308	3,706	4,051	1,573
Cash flows from investing activities	-715	-1,097	2,591	-38	186
Portion relating to investment in property, plant and equipment	-	49	50	97	191
Cash flows from financing activities	-29	-129	-22	-17	-10
Total cash flows	**-7,402**	**10,082**	**-6,319**	**3,996**	**1,749**
Financial ratios					
Operating margin	-8.6	11.4	7.2	-1.0	4.3
Gross margin	-0.1	13.8	10.6	3.5	8.1
Current ratio	226.8	705,2	175.4	118.2	167.2
Solvency ratio	58.5	86,6	48.0	26.3	50.0
Return on equity	-58.5	96.0	52.6	-7.7	125.4
US$/DKK rate at year end	705.28	683.00	612.14	560.96	565.91
Average US$/DKK rate	673.27	672.68	561.90	541.27	579.28
Average number of full-time employees	9	8	6	14	9

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2016".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin $$\frac{\text{Operating profit}}{\text{Revenue}} \text{ x } 100$$

Gross margin $$\frac{\text{Gross profit}}{\text{Revenue}} \text{ x } 100$$

Current ratio $$\frac{\text{Curent assets}}{\text{Curent liabilities}} \text{ x } 100$$

Solvency ratio $$\frac{\text{Equity at year end}}{\text{Total equity and liabilities at year end}} \text{ x } 100$$

Return on equity $$\frac{\text{Profit from ordinary activities after tax}}{\text{Average equity}} \text{ x } 100$$

Management's review

Operating review

Principal activities

Ultragas ApS' prime activity is to perform fully integrated management of LPG/Chemical Gas Carriers, in worldwide trade and to engage in other related activities.

Performance and result for the year

Ultragas is based in Copenhagen with the primary purpose of undertaking full commercial and operations management of a fleet of gas tankers controlled by the Ultranav Group. A wholly owned subsidiary, UltraShip ApS, is entrusted with the technical management of the fleet and also offers technical supervision/management for affiliated companies in the Ultranav Group.
Ultragas operates under the rules of the Danish Tonnage Tax Scheme.

Ultragas' Quality Management System was assessed by ABS in 2016 and found to be in conformance with the requirements of ISO 9001:2015.

At year-end 2016, Ultragas operated 19 LPG carriers ranging in size from 3,500 to 22,000 cbm and consisting of 1 pressurized and 18 semi-refrigerated vessels, of which 4 are capable of carrying ethylene. 18 units were bareboat chartered and 1 unit was taken on time charter – all from companies in the Ultranav Group.

The fleet was engaged in both regional and deep sea trades during 2016. 3 units, "Lady Shana", "Patagoniagas" and "Antarcticgas", left the fleet due to sale.

The commercial operation of the vessels up to 12,000 cbm is performed by Unigas International BV in Rotterdam, a company which Ultragas owns equally with two other partners. Unigas is a leading operator in the segment up to 15,000 cbm and operated as at year end a total of 37 LPG and Ethylene carriers of which 12 units are provided by Ultragas. The Unigas partners will add another three 12,000 cbm Ethylene new-buildings to the operation in 2017 of which one will be supplied by Ultragas and sourced via Bare Boat Charter from the Ultranav Group.

The socalled "handy" fleet above 15,000 cbm is commercially operated by own in-house organization. By the end of the year Ultragas operated 7 such vessels, which made Ultragas the second largest operator in the "handy" size segment.

A 22,000 cbm semi-refrigerated LPG carrier newbuilding joined the fleet in September, 2016 and another 3 newbuildings, 2 of 22,000 cbm and 1 of 12,000 cbm, will be added in early 2017. This will complete the newbuilding program of 9 gas carriers, which was initiated in 2014.

The activities of Ultragas ApS produced a net loss of MUSD 10.1 (2015: gain MUSD 14.6), largely because of depressed market conditions, where earnings have fallen short of the bareboat and time-charter hires payable to companies in the Ultranav Group. The result has also been negatively influenced by late delivery of newbuildings and more than anticipated out-of-service time in connection with the transfer of vessels from external technical management into own technical management.

Revenues earned from the smaller vessels via the Unigas operation have been largely as per budget.

Management's review

Operating costs for vessels were held at budgeted levels.

The gas shipping market was negatively affected by falling crude oil prices, which significantly reduced LPG arbitrage trading and reduced US LPG export growth, resulting in an oversupply of vessels especially in the handy-size segment. Demand for the transport of petrochemical gasses continued to develop positively which benefitted the smaller gas carriers employed in the Unigas operation and to a lesser extent the handy-size vessels, however not enough to avoid periods with excessive idle time for the handy-size fleet.

By year end overall utilization of the fleet improved and Ultragas entered 2017 with full employment and some improvement in rates.

Health, safety and environment

A safe operation including the safety and well-being of the employees has a high priority and Ultragas strives to continuously provide and enhance healthy and high quality working conditions. Efforts have been made towards standardizing and improving processes during the year and Ultragas has been able to improve its safety record during 2016.

Ultragas does not have an own policy for social responsibility but adheres to the comprehensive such policies adopted for the Ultranav Group.

Human capital is a core asset and it is important for Ultragas to keep qualified and motivated employees. Significant investments have been made to develop individual and collective talent and capabilities.

Ultragas continues its focus on environmental issues with the view of reducing the fleet's emission and to generally optimizing systems and equipment, which impact the environment.

All vessels built 2012 or later operate under Danish flag and with delivery of the remaining three new builds Ultragas will have nine vessels entered into the Danish International Shipregister (DIS). Through its membership of the Danish Shipowners' Association, Trident Alliance (Enforcement of environmental regulations) and MACN (Maritime Anti-Corruption Network), Ultragas actively pursues and promotes high standards of ethics and commitment to environmental protection.

Outlook

A relatively high average age for gas vessels of less than 15,000 cbm, a limited order book, and an expected continued growth in demand for transport of petrochemical gases will positively support the Unigas segment. For 2017 Ultragas foresees only limited growth in LPG volumes carried on handy-size vessels, however growing long haul petrochemical shipments are expected to support the segment and average handy-size earnings are expected to be marginally better than in 2016. Increasing exports of shale-based LPG from the US, stimulated by higher oil prices, may influence fleet utilization and charter rates positively. Ultragas expect a positive net profit for 2017.

Subsequent events

Ultragas has since 1 January 2017 redelivered the 3,500 cbm "Lady Martine" due to sale and thereby completed the planned exit from the pressurized segment. The Company has during January taken delivery of semi-refrigerated LPG carriers "Arcticgas" and "Pacificgas" and in

Management's review

February 2017 the semi-refrigerated Ethylene carrier “Happy Avocet”. No other significant events have occurred after the balance sheet date that materially affects the financial position of the Company.

Financial statements for the period 1 January – 31 December

Accounting policies

The annual report of Ultragas ApS for 2016 has been prepared in accordance with the provisions applying to reporting class C medium enterprises under the Danish Financial Statements Act.

The Company does not prepare a consolidated financial statement, as the Company and it's subsidiary are included in the consolidated financial statement of Ultranav Denmark ApS.

The Company's business is primarily based on the US Dollar. All income in the form of freight income is in US Dollar, and most costs are in US Dollars as well. Based on this, the company has designated the US Dollar its functional and reporting currency. Consequently, all amounts are recognized in US Dollar.

In accordance with section 98b of the Danish Financial Statements Act, remuneration to management is not disclosed.

The accounting policies are consistent with those for last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Freight income

The freight income reflects the income earned by the vessels owned by the Group operating within the Unigas International corporation and own operated ships.

The aggregated gross earnings in Unigas International corporation have been adjusted for general expenses, insurance premiums, financial charges, interest and the adjustments for foreign exchange variances. An appraisal of demurrages receivable has been included in the results.

The functional currency of the corporation is US Dollars. Conversions of other currencies have been accounted for and translated into US Dollars and advances and/or final settlements towards individual members have been affected in this currency.

The total voyage results have been translated into US Dollars at fixed accounting rates, which, during the year, were updated monthly.

Financial statements for the period 1 January – 31 December

Accounting policies

All accounts receivable and liabilities other than in US Dollars have been converted at the exchange rate ruling at the balance sheet date.

For vessels on time charter and bareboat contracts, income is recognised upon delivery of the services in accordance with the charter parties concluded.

Voyage related cost

Voyage related expenses include boareboat hire, bunker expenses, port expenses including pilotage, towage, agency fee, survey, stevedoring and cleaning and other costs incidental to the commercial operation of the vessels and are recognized under a percentage of completion basis.

Operational and crewing related cost

Operating expenses and crewing costs include costs incidental to the technical and crewing management of the vessels and are recognised under the accruals concept.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

Other operating income

Other operating income comprises items secondary to the activities of the Company.

Other operating costs

Other operating costs comprise items secondary to the activities of the Company.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the

Accounting policies

year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Property, plant and equipment

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as depreciation.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

Financial assets

Investments in subsidiaries and associates are measured according to the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportionate share of the enterprises’ net asset value calculated in accordance with the company’s accounting policies.

Financial statements for the period 1 January – 31 December

Accounting policies

Inventories

Inventories comprise inventories of lubricant oil on board the vessels. Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Ultragas ApS is jointly taxed with the parent company Ultranav Denmark ApS and the parent company is the administration company for the jointly taxed companies. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In relation to the shipping activities Ultragas ApS participates in the Danish Tonnage Tax Scheme. Companies that use tax losses in other companies pay the joint tax contribution to the parent company at an amount corresponding to the tax value of the tax losses used. Companies whose tax losses are used by other companies receive joint tax contributions from the parent company corresponding to the tax value of the losses used (full absorption). The jointly taxed companies are taxed under the tax prepayment scheme.

Financial statements for the period 1 January – 31 December

Accounting policies

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement. Tax attributable to entries directly under comprehensive income is recognised directly in equity.

Liabilities other than provisions

Financial liabilities which comprise trade payable and payables to associated companies are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Financial statements for the period 1 January – 31 December

Income statement

USD'000	Note	2016	2015
Freight income		106,665	138,213
Vessel hire		-57,701	-67,205
Voyage related cost		-17,755	-16,831
Operating cost		-15,636	-15,160
Crewing cost		-22,044	-21,456
Other income		1,392	1,452
Gross profit		-5,079	19,013
Administrative expenses	1	-4,111	-3,223
Ordinary operating profit/(loss)		-9,190	15,790
Depreciation	5	-29	-58
Operating profit/(loss)		-9,219	15,732
Share of result in subsidiaries and associates	6	-926	-883
Financial income	2	108	23
Financial expenses	3	-46	-264
Profit/(loss) before tax		-10,083	14,608
Tax on profit/(loss) for the year	4, 12	-45	-20
Profit/(loss) for the year	9	-10,128	14,588

Financial statements for the period 1 January – 31 December

Balance sheet

USD'000	Note	2016	2015
ASSETS			
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		46	75
		46	75
Investments			
Investments in associates and subsidaries	6	1,183	1,331
Other long-term assets		86	75
		1,269	1,406
Total non-current assets		1,315	1,481
Current assets			
Inventories		1,815	1,067
		1,815	1,067
Receivables			
Trade receivables		12,082	6,967
Insurance claims		112	3,547
Receivables from related parties		149	1,838
Other receivables		2,242	330
Prepayments	7	526	596
		15,111	13,278
Cash at bank and in hand		2,680	10,082
Total current assets		19,606	24,426
TOTAL ASSETS		20,921	25,908

Financial statements for the period 1 January – 31 December

Balance sheet

USD'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital		37	37
Retained earnings		12,240	22,407
Total equity	8	12,277	22,444
Current liabilities other than provisions			
Debt to related party		1,407	325
Prepayments received from customers		3,211	385
Trade payables		3,959	2,689
Other payables		67	65
		8,644	3,464
Total liabilities other than provisions		8,644	3,464
TOTAL EQUITY AND LIABILITIES		20,921	25,908
Contractual obligations	10		
Related party disclosures	11		
Contingent liabilities	12		
Disclosure of events after the balance sheet date	13		

Financial statements for the period 1 January – 31 December

Statement of changes in equity

USD'000	Share capital	Retained earnings	Total
Equity at 1 January 2015	**37**	**7,917**	**7,954**
Foreign currency related to associcates	-	-98	-98
Transferred, see note 9	-	14,588	14,588
Equity at 31 December 2015	**37**	**22,407**	**22,444**
Equity at 1 January 2016	**37**	**22,407**	**22,444**
Foreign currency related to associocates	-	-39	-39
Transferred, see note 9	-	-10,128	-10,128
Equity at 31 December 2016	**37**	**-12,240**	**12,277**

Financial statements for the period 1 January – 31 December

Cash flow statement

USD'000	2016	2015
Operating profit	-10,083	14,608
Loss on sale of assets	-	17
Depreciation	29	41
Interest income	-108	-23
Interest expense	29	264
Exchange rate adjustment	17	-136
Share of income from investments in subsidiaries and associates	926	883
Changes in working capital:		
Inventories	-747	469
Trade receivables	-5,115	2,213
Other receivables	1,581	-2,746
Trade and other payables	1,216	-1,046
Prepayments received from customers	2,826	-4,289
Debt to related party, net	2,771	1,053
Cash flows from operating activities	-6,658	11,308
Disposal of property, plant and equipment	-	49
Investments in subsidiaries and associates	-1,150	-1,600
Interest received	108	23
Dividend received	327	431
Cash flows from investing activities	-715	-1,097
Interest paid	-29	-129
Cash flows from financing activities	-29	-129
Net cash flows for the year	-7,402	10,082
Cash and cash equivalents at 1 January	10,082	0
Cash and cash equivalents at 31 December	2,680	10,082

Financial statements for the period 1 January – 31 December

Notes to the financial statements

	USD'000	2016	2015
1	**Costs**		
	Wages and salaries	2,151	1,324
	Pensions	263	205
	Other social security costs	11	6
		2,425	1,535
	Average number of full-time employees	9	8
2	**Financial income**		
	Interest income related parties	-	19
	Interes income, banks	108	4
		108	23
3	**Financial expenses**		
	Interest expense related parties	18	-
	Other financial cost	11	128
	Foreign exchange losses	17	136
		46	264
4	**Tax on the profit for the year**		
	Current tax for the year	45	20
		45	20

Financial statements for the period 1 January – 31 December

Notes to the financial statements

USD'000	2015
5 Property, plant and equipment	
Fixtures and fittings, tools and equipment	
Cost at 1 January	132
Additions	-
Disposals	-
Cost at 31 December	132
Depreciation at 1 January	-58
Depreciation	-29
Disposals	-
Depreciation at 31 December	-87
Carrying amount at 31 December	45
Depreciation for the year	-29
Depreciations included in Income statement	-29

6 Investments in associates and subsidaries

USD'000	Associates	Subsidiary
Cost at 1 January	394	5,759
Additions	-	1,150
Disposal	-2	-
Cost at 31 December	392	6,909
Value adjustments at 1 January	762	-5,584
Correction to previous years result	-38	-
Share of the years result	255	-1,143
Dividend for the year	-327	-
Disposal	-4	-
Currency adjustment	-39	-
Value adjustments at 31 December	609	-6,727
Carrying amount at 31 December	1,001	182

Investments in associates includes:

Unigas International B.V., Rotterdam, owner's share 33%
Unigas International Limited, Hong Kong, owner's share 33% transf. to Unigas BV in 2016.
UltraShip Crewing Philippines Inc., Philippines Inc., owner’s share 25%*

*2015 figures included above

Investments in subsidiary includes: UltraShip ApS, Gentofte, Denmark, owner’s share 100%

Notes to the financial statements

USD'000	2016	2015
7 Prepayments		
Other prepaid costs	526	596
	526	596

8 Share capital

The share capital comprises 21,000 shares of DKK 10 each. All shares rank equally.There have been no changes in the shares capital since founding of the company in 2011.

USD'000	2016	2015
9 Allocation of result		
Proposed profit/(loss) appropriation		
Transferred to retained earnings	-10,128	14,588
	-10,128	14,588

10 Contractual obligations

Operating lease obligations

Lease obligations (operating leases) regarding vessels:

USD’000

<1 year	45,015
1-5 years	76,640
>5	101,885
	223,540

Other lease obligations (operating leases) is total USD 442 thousand of which USD 156 thousand are falling due within 1 year.

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11 Related party disclosures

Ultragas ApS is a wholly owned subsidiary of Ultranav Denmark ApS, which is a part of Navieras Ultranav Ltda. group located in El Bosque Norte 500 Piso 19-20, 7550092 Las Condes, Santiago, Chile.

Parties exercising control

Parties exercising control are associated companies of Ultranav Group, management in Ultragas ApS and associated companies in which the above have significant influence.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

Ultranav Denmark ApS, Smakkedalen 6, 2820 Gentofte, Denmark.

The consolidated financial statement of Ultranav Denmark ApS is available at the Company's address.

The ultimate holding company of Ultragas ApS is Naviera Ultranav Limitada, Av. El Bosque Norte 500 Piso 19-20, 7550092 Las Condes, Santiago Chile.

USD'000		Sale to/from related	Amounts owed by/(to) related	Sale to/from related	Amounts owed by/(to) related
Related party	**Type of transaction**	2016	2016	2015	2015
Othello Shipping Company S.A. and subsidiaries	Hire expense	-57,696	503	-67,157	1,773
	Other income	110	0	105	-9
Ultranav International S.A.	Interest income, net	94	0	0	0
Ultranav International S.A.	Commercial balance	0	0	0	6
Ultrabulk A/S	Bunker fee	-7	-7	0	0
Ultrabulk Shipping A/S	Supervision fee	-35	0	0	0
Ultranav Denmark ApS	Administration	0	0	0	-21
Ultranav Business Support ApS	Administration	-840	-58	-709	68
UltraShip ApS	Technical mgm and supervision	-3,272	-690	-2,790	-298
UltraShip ApS	Interest	-4	0	19	0
UltraShip ApS	Intragroup contribution	-1,150	0	-1,600	0
Naviera Transoceánica S.A	Freight income	0	0	1.530	0
Humboldt International S.A	Other	0	0	0	-6

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12 Contingent liabilities

The Company is jointly taxed with other companies in the Ultranav Denmark ApS, Group. The companies are jointly and unlimited liable for Danish corporation tax and withholding taxes on dividends, interest and royalties in the joint taxation. Any subsequent corrections of taxable joint taxation of income or withholding taxes on dividends, etc. could lead to companies' liability constituting a larger amount. The Group as a whole shall not be liable towards others.

The Group's Danish companies are jointly and severally liable for the joint registration of VAT.

The Company has confirmed to provide financial support the subsidary UltraShip ApS until 31 December 2017.

13 Disclosure of events after the balance sheet date

Ultragas has since 1 January 2017 redelivered the 3,500 cbm “Lady Martine” due to sale. The Company has during January taken delivery of semi-refrigerated LPG carriers “Arcticgas” and “Pacificgas” and in February 2017 the semi-refrigerated Ethylene carrier “Happy Avocet”. No other significant events have occurred after the balance sheet date that materially affects the financial position of the Company.