

---

# ***Nordana Line A/S***

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

## **Annual Report for 1 January - 31 December 2016**

---

CVR No 36 02 34 73

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
17/5 2017

Rasmus Lund-Jacobsen  
Chairman



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	10
Balance Sheet 31 December	11
Statement of Changes in Equity	13
Notes to the Financial Statements	14
Notes, Accounting Policies	19

# Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Nordana Line 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 give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations 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, 17 May 2017

## Executive Board

Johnny Schmølker

## Supervisory Board

Johan Wedell-Wedellsborg  
Chairman

Oluf Myhrmann

Lars Kalstad Vedfelt

Johnny Schmølker

# Independent Auditor's Report

To the Shareholders of Nordana Line A/S

## Opinion

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 for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nordana Line 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 ("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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

It should be noted that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. We refer to note 1 to the Financial Statements disclosing that, it is uncertain whether a promise of the requested loans will be obtained for the financing of the operations within the next year, but that obtaining such a promise is considered likely by Management. Accordingly, the Financial Statements have been prepared on the assumption of the Company continuing as a going concern.

Our opinion has not been modified in respect of this matter.

## 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.

# Independent Auditor's Report

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 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.

## 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 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 17 May 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff  
statsautoriseret revisor

Mark Philip Beer  
statsautoriseret revisor

## Company Information

### **The Company**

Nordana Line A/S  
Rungsted Strandvej 113  
DK-2960 Rungsted Kyst

CVR No: 36 02 34 73  
Financial period: 1 January - 31 December  
Municipality of reg. office: Hørsholm

### **Supervisory Board**

Johan Wedell-Wedellsborg, Chairman  
Oluf Myhrmann  
Lars Kalstad Vedfelt  
Johnny Schmølker

### **Executive Board**

Johnny Schmølker

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

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

	2016 TUSD	2015 TUSD	2014 TUSD
<b>Key figures</b>			
<b>Profit/loss</b>			
Revenue	28.407	38.096	40.183
Operating profit/loss	-3.938	-2.096	-8.560
Profit/loss before financial income and expenses	-3.476	-1.893	-8.554
Net financials	-5.587	1.570	7.473
Net profit/loss for the year	-9.042	-1.217	-1.081
<b>Balance sheet</b>			
Balance sheet total	71.584	76.925	78.900
Equity	909	8.821	11.801
Investment in property, plant and equipment	0	0	67.721
Number of employees	0	14	13
<b>Ratios</b>			
Gross margin	-1,1%	8,3%	-10,2%
Profit margin	-12,2%	-5,0%	-21,3%
Return on assets	-4,9%	-2,5%	-10,8%
Solvency ratio	1,3%	11,5%	15,0%
Return on equity	-185,9%	-11,8%	-18,3%

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**

Financial Statements of Nordana Line A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

### **Main activity**

The Group's liner activities comprise a service operating between the Mediterranean Sea, Latin and South America, the Caribbean and the USA. The Shipping Company employs advanced Ro/Ro vessels equipped with cranes which enable speedy loading and unloading even in difficult harbours.

Nordana is acknowledged as a specialised carrier with the capacity to accommodate its customers' varying needs for cargo handling in all harbours.

### **Market overview**

The year was characterized by a tough RoRo market throughout the year.

### **Development in the year**

The income statement of the Company for 2016 shows a loss of TUSD 9,042, and at 31 December 2016 the balance sheet of the Company shows equity of TUSD 909.

### **The past year and follow-up on development expectations from last year**

Results for the year and the financial position at the balance sheet date are presented in the enclosed Financial Statements of the Nordana Line A/S.

Results for the year were below the expectations expressed in the Annual Report for 2015 as the liner activities experienced challenges filling up the two vessels east bound as US exports were reduced. In addition, the continued political instability in, Venezuela, Libya and Turkey also influenced the results negatively.

### **Capital resources**

For a description of the Company's capital structure and going concern, reference is made to note 1 to the Financial Statement.

# Management's Review

## Special risks - operating risks and financial risks

### *Market risks*

Revenues from the shipping operations are linked to global market trends, which through demand fluctuations affect freight rates as well as prices of eg tonnage and fuel. Management currently assesses the extent to which it is relevant to take measures against these market fluctuations, eg through long term contracts.

International provisions imply that in case of a maritime accident that results in oil or chemical spillage, the company will be imposed heavy financial liabilities in terms of the clean up work. To reduce this risk, the widest possible insurance coverage has been taken out, comprising environmental and pollution coverage, coverage of the value of vessel and cargo, liability coverage as regards third parties and war risk insurance.

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.

### *Currency risks*

Most of the income from shipping activities is in USD and EUR. To a minor extent, foreign exchange required in connection with operating expenses is subject to forward cover if earnings do not counterbalance these at currency level.

The financing of vessels is mainly in USD and therefore most of the currency risk relating to the assets is hedged.

The Group has one loan in EUR. The loan is not hedged and therefore the Group has a currency risk.

### **Basis of earnings**

### **Research and development**

The company is not involved in research and development activities.

### **Statement in compliance with section 99 (a) of the Danish Financial Statements Act**

The company has no formalized policies on climate change and human rights.

## **Management's Review**

### **Statement in compliance with section 99 (b) of the Danish Financial Statements Act**

Target for the underrepresented gender on the Board of Directors

The Nordana Line 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 company has been unable to attract qualified persons of the underrepresented gender. Therefore, the current status of the underrepresented gender is 0%. The target was set in 2014.

Policy for increasing the number of women on other management levels

With reference to the number of employees in the company 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.

### **Uncertainty relating to recognition and measurement**

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

### **Subsequent events**

Due to challenging market conditions, the Board of Directors in March 2017 decided to close the transatlantic RoRo service, and the Nordana Line Ro/Ro vessels will in the future operate in the charter market where more stable earnings are expected.

## Income Statement 1 January - 31 December

	Note	2016 TUSD	2015 TUSD
<b>Revenue</b>		<b>28.407</b>	<b>38.096</b>
Other operating income		462	203
Vessel operating costs		-27.008	-34.459
Other external expenses		-2.178	-685
<b>Gross profit/loss</b>		<b>-317</b>	<b>3.155</b>
Staff expenses	2	-8	-1.844
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-3.151	-3.204
<b>Resultat før finansielle poster</b>		<b>-3.476</b>	<b>-1.893</b>
Income from investments in subsidiaries		-1.920	-1.398
Income from investments in associates	4	-2.828	492
Financial income	5	1.527	4.949
Financial expenses	6	-2.366	-2.473
<b>Resultat før skat</b>		<b>-9.063</b>	<b>-323</b>
Tax on profit/loss for the year	7	21	-894
<b>Net profit/loss for the year</b>		<b>-9.042</b>	<b>-1.217</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	-9.042	-1.217
	<b>-9.042</b>	<b>-1.217</b>

# Balance Sheet 31 December

## Assets

	Note	2016 TUSD	2015 TUSD
Other fixtures and fittings, tools and equipment		4.439	5.340
Vessels		53.937	56.187
<b>Property, plant and equipment</b>	<b>8</b>	<b>58.376</b>	<b>61.527</b>
Investments in subsidiaries	9	6.986	7.123
Investments in associates	10	0	5.566
<b>Fixed asset investments</b>		<b>6.986</b>	<b>12.689</b>
<b>Fixed assets</b>		<b>65.362</b>	<b>74.216</b>
<b>Bunkers</b>		<b>247</b>	<b>628</b>
Trade receivables		1.332	1.221
Receivables from group enterprises		3.259	741
Other receivables		1.266	0
Prepayments		101	100
<b>Receivables</b>		<b>5.958</b>	<b>2.062</b>
<b>Cash at bank and in hand</b>		<b>17</b>	<b>19</b>
<b>Currents assets</b>		<b>6.222</b>	<b>2.709</b>
<b>Assets</b>		<b>71.584</b>	<b>76.925</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2016 TUSD	2015 TUSD
Share capital		185	185
Retained earnings		724	8.636
<b>Equity</b>		<b>909</b>	<b>8.821</b>
Lease obligations		35.745	39.801
<b>Long-term debt</b>	11	<b>35.745</b>	<b>39.801</b>
Lease obligations	11	2.654	2.408
Prepayments received from customers		7	77
Trade payables		817	1.833
Payables to group enterprises		31.372	23.273
Other payables		80	712
<b>Short-term debt</b>		<b>34.930</b>	<b>28.303</b>
<b>Debt</b>		<b>70.675</b>	<b>68.104</b>
<b>Liabilities and equity</b>		<b>71.584</b>	<b>76.925</b>
Capital resources	1		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		

## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TUSD	TUSD	TUSD
Equity at 1 January	185	8.636	8.821
Exchange adjustments	0	62	62
Fair value adjustment of hedging instruments, end of year	0	1.068	1.068
Net profit/loss for the year	0	-9.042	-9.042
<b>Equity at 31 December</b>	<b>185</b>	<b>724</b>	<b>909</b>

# Notes to the Financial Statements

## 1 Capital resources

The Company is financed by group loans and lease liabilities. In order for the Company to continue as a going concern, it must be possible to extend the existing loan agreements and to procure liquidity for continued operations. At this time, no agreements securing continued operations have been made. Consequently the Company's ability to continue as a going concern, and thus its ability to meet its commitments as they fall due, is subject to material uncertainty. Management expects financing to be procured to continue the planned activities.

## 2 Staff expenses

	2016 TUSD	2015 TUSD
Wages and salaries	0	1.708
Pensions	0	105
Other social security expenses	8	21
Other staff expenses	0	10
	<b>8</b>	<b>1.844</b>
<b>Average number of employees</b>	<b>0</b>	<b>14</b>

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

Depreciation of property, plant and equipment	3.151	3.252
Gain and loss on disposal	0	-48
	<b>3.151</b>	<b>3.204</b>

## 4 Income from investments in associates

Share of profits of associates	94	492
Loss on sale of investments in associates	-2.922	0
	<b>-2.828</b>	<b>492</b>



# Notes to the Financial Statements

	2016 TUSD	2015 TUSD
<b>5 Financial income</b>		
Interest received from group enterprises	21	0
Other financial income	2	0
Exchange adjustments	1.504	4.949
	<b>1.527</b>	<b>4.949</b>
<b>6 Financial expenses</b>		
Interest paid to group enterprises	338	296
Other financial expenses	2.028	2.177
	<b>2.366</b>	<b>2.473</b>
<b>7 Tax on profit/loss for the year</b>		
Current tax for the year	-21	894
	<b>-21</b>	<b>894</b>
<b>8 Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment TUSD	Vessels TUSD
Cost at 1 January	7.889	59.753
Cost at 31 December	7.889	59.753
Impairment losses and depreciation at 1 January	2.549	3.566
Depreciation for the year	901	2.250
Impairment losses and depreciation at 31 December	3.450	5.816
<b>Carrying amount at 31 December</b>	<b>4.439</b>	<b>53.937</b>

## Notes to the Financial Statements

	2016 TUSD	2015 TUSD
<b>9 Investments in subsidiaries</b>		
Cost at 1 January	5.056	5.056
Disposals for the year	-4.489	0
Cost at 31 December	567	5.056
Value adjustments at 1 January	-1.582	-60
Disposals for the year	4.489	0
Exchange adjustment	-40	-124
Net profit/loss for the year	-1.920	-1.398
Value adjustments at 31 December	947	-1.582
Equity investments with negative net asset value transferred to provisions	5.472	3.649
<b>Carrying amount at 31 December</b>	<b>6.986</b>	<b>7.123</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Nordana Shipping (Singapore) Pte. Ltd.	Singapore	35.892 USD	100%
Weco Agencia Maritima S.A.	Spain	150.000 EUR	89%
Nordana Line (USA) Inc.	USA	1.000 USD	100%

# Notes to the Financial Statements

	2016 TUSD	2015 TUSD
<b>10 Investments in associates</b>		
Cost at 1 January	5.297	5.297
Disposals for the year	<u>-5.297</u>	<u>0</u>
Cost at 31 December	<u>0</u>	<u>5.297</u>
Value adjustments at 1 January	269	0
Disposals for the year	-457	0
Exchange adjustment	94	-223
Net profit/loss for the year	<u>94</u>	<u>492</u>
Value adjustments at 31 December	<u>0</u>	<u>269</u>
<b>Carrying amount at 31 December</b>	<b><u>0</u></b>	<b><u>5.566</u></b>

## 11 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:

### Lease obligations

After 5 years	0	15.402
Between 1 and 5 years	<u>35.745</u>	<u>24.399</u>
Long-term part	<u>35.745</u>	<u>39.801</u>
Within 1 year	<u>2.654</u>	<u>2.408</u>
	<b><u>38.399</u></b>	<b><u>42.209</u></b>

# Notes to the Financial Statements

## 12 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The company's contractual obligations relating to short-term chartering of vessels total tUSD 28,723.

The company has lease commitments totaling tUSD 2,274.

As part of the ordinary shipping liner operations, the company regularly receives loading claims from customers. The individual claims are provided for in the Financial Statements based on an individual assessment.

## 13 Related parties

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Weco A/S	Hørsholm

## **Notes, Accounting Policies**

### **Basis of Preparation**

The Annual Report of Nordana Line A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in TUSD. Applied US Dollar exchange rate on the 31st of December 2016 : 705,28 (2015 : 683,00).

### **Consolidated financial statements**

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of , the Company has not prepared consolidated financial statements.

### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of , the Company has not prepared a cash flow statement.

### **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 depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when 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.

### **Leases**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

## **Notes, Accounting Policies**

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### **Translation policies**

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

### **Derivative financial instruments**

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

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

### **Hedge accounting**

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

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

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

# Notes, Accounting Policies

## 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 Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Vessel operating costs

Vessel operating costs comprise voyage dependent expenses including raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and 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 together with gains and losses on the sale 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 main activities of the Company.

### 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

The Company 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.

In foreign subsidiaries, tax is provided for in accordance with local tax rules.

## 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	2½ - 5 years
Other fixtures and fittings, tools and equipment	3-8 years

Depreciation period and residual value are reassessed annually.

### 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 with deduction or addition of unrealised inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.



## Notes, Accounting Policies

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 the subsidiaries and the 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.

### **Bunkers**

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

### **Receivables**

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

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **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 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 or in equity if the deferred tax relates to items recognised in equity.

## Notes, Accounting Policies

### Current tax receivables and liabilities

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

### Financial debts

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

## 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	$\frac{\text{Net profit for the year}}{\text{Average equity}}$