ANNUAL REPORT
2016/17

A/S Dan-Bunkering Ltd.

VAT no. 67 22 69 17

The Annual Report was presented and adopted at the Annual General Meeting on 3 July 2017

Michael Keldsen

Chairman of the meeting: Michael Keldsen

Financial year: 1 May 2016 – 30 April 2017
Strandvejen 5, DK-5500 Middelfart

Contents

Management's Statement

The Executive and Supervisory Boards have today presented and adopted the Annual Report of A/S Dan-Bunkering Ltd. for the financial year 1 May 2016 – 30 April 2017.

The Annual Report was 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 30 April 2017 and of the results of the Company operations and cash flows for 2016/17.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Middelfart, 3 July 2017

Executive Board

Henrik Zederkof

Supervisory Board

Keld Rosenbæk Demant Chairman	Jesper Klokker Hansen	Henrik Zederkof

Independent Auditor's Report

To the Shareholders of A/S Dan-Bunkering Ltd.

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 April 2017, and of the results of the Company's operations and cash flows for the financial year 1 May 2016 - 30 April 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of A/S Dan-Bunkering Ltd. for the financial year 1 May 2016 - 30 April 2017, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("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.

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 has been prepared in accordance with the requirements of the Danish Financial Statement 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 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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.

Trekantområdet, 3 July 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen
State Authorised Public Accountant

Lasse Berg
State Authorised Public Accountant

Management's Review

Company Information

The Company	A/S Dan-Bunkering Ltd. Strandvejen 5 DK-5500 Middelfart
	Telephone: +45 64 41 54 01 Facsimile: +45 64 41 53 01 E-mail: Middelfart@dan-bunkering.com
	CVR No: 67 22 69 17 Financial year: 1 May - 30 April Municipality of reg. office: Middelfart
Supervisory Board	Keld Rosenbæk Demant, Chairman Jesper Klokker Hansen Henrik Zederkof
Executive Board	Henrik Zederkof
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Management's Review

Financial Highlights of the Company

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

	2016/17	2015/16	2014/15*	2013/14*	2012/13*
	USD '000	USD '000	USD '000	USD '000	USD '000
Profit					
Revenue	717.395	518.269	1.190.750	1.828.301	1.850.163
Gross profit	16.761	22.044	35.891	36.926	49.427
Profit before financials	3.393	2.089	913	2.489	12.132
Net financials	3.556	3.693	(1.206)	(3.252)	(1.826)
Profit before tax	6.949	5.783	12.057	3.483	10.627
Net profit for the year	6.133	5.782	10.206	2.123	8.579
Balance sheet					
Balance sheet total	81.821	59.082	104.594	178.345	217.137
Equity	25.143	19.010	41.547	31.119	36.319
Cash flows					
Cash flows from:					
- operating activities	(4.221)	13.689	28.157	30.086	(15.492)
- investing activities	(9.750)	49	19	(2.685)	(111)
hereof investment in property, plant and equipment and intangible assets	(126)	(7)	(123)	(334)	(10)
- financing activities	13.110	(14.173)	(28.329)	1.563	(9.527)
Change in cash and cash equivalents for the year	(861)	(435)	(153)	28.964	(25.130)
Ratios (%)					
Gross margin	2,3%	4,3%	3,0%	2,0%	2,7%
Profit margin	0,5%	0,4%	0,1%	0,1%	0,7%
Return on equity	27,8%	19,1%	28,1%	6,3%	47,2%
Liquidity ratio	1,25	1,37	1,36	1,15	1,19
Solvency ratio	30,7%	32,2%	39,7%	17,4%	16,7%
Number of employees	81	126	132	122	112

For definitions, see under accounting policies.

* The Company has changed accounting policy for recognition and measurement of investments in subsidiaries. With reference to section 101 (3) of the Danish Financial Statements Acts investments in subsidiaries are still recognised and measured under the equity method for the years 2012/13 - 2014/15.

Review

Activities
The main activities of the Company comprise the purchase, sale, mediation and supply of bunkers and lubricating oil for ships as well as various naturally related services. Trade takes place on a worldwide basis with suppliers and customers within the shipping industry. The Company is represented by own offices in Denmark and Russia.

Development in the year
Earnings before tax. amounted to USD 6.9 million. The equity amounted to USD 25.1 million at year-end corresponding to 31% of the total assets.

Revenue rose by USD 199 million, or 40% year-over-year. This was a result of a moderate increase in volume and a significant increase in bunker prices.

A/S Dan-Bunkering Ltd. has improved earnings. Profit before tax in 2016/17 was at USD 6.9 million or USD 1.1 million higher compared to 2015/16. The performance is satisfactory as the company is still operating in a volatile shipping market, where bunker companies lowered their margins dramatically during the year.

The Company has changed accounting policy for recognition and measurement of investments in subsidiaries. Please refer to the description made under Accounting Policies.

A/S Dan-Bunkering Ltd. maintained a very high nominal equity and the solvency ratio ended at 31% of the total assets end of the year. Due to this continued solid and robust financial position of the Company we maintain a very strong position with our suppliers in terms of credits. The Company participates in a loan agreement through its parent company. The strong credit worthiness is underlined by the fact that this long term committed loan facility is achieved on a non-secured basis meaning that we, opposite the general tendency in the industry, do not pledge our trade receivables to the banks.

Strategy and objective
A/S Dan-Bunkering Ltd.'s vision is to be a global and leading supplier of bunkers, lubricating oil and related products and services.

A/S Dan-Bunkering Ltd. will on a continuous basis develop its business in line with the customers' wishes and requirements. The Company wants to be known as a safe choice for its customers and for its high quality in a wide sense, and deliveries must follow the highest international standards as regards both trade and quality.

The Company's strategy plan contains clear objectives for A/S Dan-Bunkering Ltd. as a whole and for the individual enterprises of the Group to support growth in activities and earnings. Current follow-up is made on the realisation of the goals set.

Review

Financial and operational risks

Foreign exchange risks
The Company hedges against commercial foreign exchange exposure on a current basis and moreover assesses the need to hedge against foreign exchange exposure of future cash flows. Hedging mainly takes place by means of forward exchange contracts. Future expected cash flows are hedged for a maximum period of the first succeeding 12 months.

Credit risks
The Company is exposed to credit risk relating to its customers, and all customers and other business partners are credit rated regularly in accordance with the Company's policy for assuming credit risks. Thorough internal procedures are in place to minimise the credit risks and the international conventions for obtaining maritime lien for bunker deliveries mitigates the negative impact from defaulting payers. In addition, the Company insures the credit risk on certain receivables where considered adequate due to the credit worthiness of the counter party or the size of the credit exposure.

Interest rate risks
The Company's interest-bearing debt is mainly based on variable interest rates, and therefore earnings are affected by any changes in the level of interest. The Company monitors and assesses on a current basis the financial consequences of interest rate changes and hedges the interest rate risk if considered adequate.

Oil price risk
The Company's trading activities are back-to-back trading, where sale and purchase are done simultaneously and thus without any open positions. When the Company enters into fixed price agreements the oil price exposure from such contracts is also hedged to reduce the price risk.

Trading risks
The Company's trading activities are widely spread on the various shipping segments and no single customer or supplier has a significant part of the Company's sales or purchases. Deliveries take place widely spread over the world and as such geographical or political uncertainty in specific parts of the world should not affect the Group's activities significantly.

Review

Corporate social responsibility
(cf. Section 99 a of the Danish Financial Statements Act)

The Company's policies for corporate social responsibility are disclosed in the Financial Statement of A/S United Shipping & Trading Company for 2016/17.

Report on Gender Composition in Management
(cf. Section 99 b in the Danish Financial Statements Act)

Currently the Board of Directors in A/S Dan-Bunkering Ltd. consists of three members of which zero is female. In 2015/16 all members of the board were re-elected and therefore no increase in female members of the board was achieved. It is our ambition to have one female member among the members of the Board of Directors elected on the general assembly no later than 2020.

Policy for the underrepresented gender at other management levels
The Company's policies for the underrepresented gender at other management levels are disclosed in the Financial Statement of A/S United Shipping & Trading.

Compliance
At A/S Dan-Bunkering Ltd., we know that every lasting business relationship is based on mutual trust and respect. We also know that trust is earned and should not be taken for granted. Keeping promises and meeting expectations are keys to building a trustful relation where two parties can rely on each other.

Quality, proactivity and attention to detail must characterise everything we do. This means that we always strive to create value for our customers and suppliers in any way that we can, and that we aim to avoid unnecessary bureaucracy and obsolete routines. We set high standards for our employees and expect initiative from all, while at the same time displaying a high degree of humanity and compassion.

Competition & Anti-corruption
It is a fundamental principle that A/S Dan-Bunkering Ltd. must act in full compliance with applicable competition laws and anti-corruption laws. Due to the global nature of our activities, it is imperative that A/S Dan-Bunkering Ltd. complies with all relevant rules and legislation in those countries where the Company operates.

A/S Dan-Bunkering Ltd.'s activities are subject to a number of anti-corruption laws, i.a. the Danish Criminal Code, the UK law against corruption (the UK Bribery Act) and the American anti-corruption law (the U.S. Foreign Corrupt Practices Act).

The Company has introduced a compliance program to ensure that the Company has adequate procedures to prevent fraudulent behavior among individuals within the Company or persons associated with the Company.

Review

Compliance Programs
It is A/S Dan-Bunkering Ltd.'s policy that all board members, managers and employees must have a general understanding of competition and anti-corruption laws and possesses the tools and knowledge necessary to ensure that Dan-Bunkering acts in full compliance herewith. Furthermore, it is our policy that all board members, managers and employees must demonstrate proper business ethics and code of conduct.

To realise this goal, A/S Dan-Bunkering Ltd. strengthens the knowledge of competition law and anti-corruption law by having a so-called 'competition law compliance program' and an 'anti-corruption law compliance program'. The programs each consist of a compliance manual (available on the company intranet) and recurring training of relevant managers and employees in competition-law and anti-corruption law matters. Furthermore, each employee is to complete a compliance e-learning once every year.

A/S Dan-Bunkering Ltd.'s management assists in ensuring that we act in compliance with competition law and anti-corruption law. Employees must always report to management both in clear-cut cases and cases of doubt. Employees are encouraged to consult management with any questions or grey-zone matters.

Expectations for the year ahead
The Company's level of activity, revenues and earnings are affected by a number of external factors, such as the development on the global freight market, the oil price development and the general structure of the oil market.

In the financial year 2017/18, management expects further growth in volumes sold, whilst a moderate increase is expected in earnings.

Income Statement 1 May - 30 April

	Note	2016/17	2015/16
		USD ´000	USD ´000
Revenue	1	717.395	518.269
Direct expenses		700.634	496.225
Gross profit		**16.761**	**22.044**
Other operating income		894	937
Other external expenses		11.151	14.580
Staff expenses	2	9.540	19.052
Other income		6.525	12.835
Profit before depreciation		**3.489**	**2.184**
Depreciation	7	96	95
Profit before financial income and expenses		**3.393**	**2.089**
Income from investments in subsidiaries		6.000	4.500
Financial income	3	1.432	1.207
Impairment of financial assets	8	2.603	0
Financial expenses	4	1.273	2.013
Profit before tax		**6.949**	**5.783**
Corporation tax	5	816	1
Net profit for the year		**6.133**	**5.782**
Proposed distribution of profit	6		

Balance Sheet at 30 April

Assets

	Note	2017	2016
		USD ´000	USD ´000
Land and buildings		539	545
Other fixtures and fittings, tools and equipment		128	233
Leasehold improvements		0	2
Property, plant and equipment	7	**667**	**780**
Deposit		169	401
Securities		15	15
Investments in subsidiaries		10.252	2.855
Fixed asset investments	8	**10.436**	**3.271**
Fixed assets		**11.103**	**4.051**
Trade receivables		62.037	33.600
Receivables from group enterprises		7.433	3.247
Receivables from goup enterprises, special-term deposits		0	10.728
Deferred tax asset	11	106	101
Corporation tax		0	1.948
Other receivables		940	1.211
Prepayments	9	173	3.685
Receivables		**70.689**	**54.520**
Securities		**0**	**8**
Cash at bank and in hand		**29**	**503**
Current assets		**70.718**	**55.031**
Total assets		**81.821**	**59.082**

Balance Sheet at 30 April

Liabilities and equity

	Note	2017	2016
		USD ´000	USD ´000
Share capital		3.404	2.672
Retained earnings		21.739	6.338
Proposed dividend for the year		0	10.000
Equity	10	**25.143**	**19.010**
Credit institutions		719	340
Trade payables		27.503	16.680
Payables to group enterprises		23.926	15.892
Payables to group enterprises, special-term loans		2.382	0
Corporation tax		819	0
Other payables		1.329	7.160
Short-term debt		**56.678**	**40.072**
Total liabilities and equity		**81.821**	**59.082**
Contingent liabilities	12		
Related parties	13		
Fee to auditors appointed at the general meeting	14		
Subsequent events	15		

Statement of Changes in Equity

2016/17:	Share capital	Reserve for net revaluation	Retained earnings	Proposed dividend	Total
	USD ´000	USD ´000	USD ´000	USD ´000	USD ´000
Equity at 1 May	2.672	21.303	1.838	10.000	35.813
Net effect from change of accounting policy	0	(21.303)	4.500	0	(16.803)
Adjusted equity at 1 May	2.672	0	6.338	10.000	19.010
Dividend paid	0	0	0	(10.000)	(10.000)
Capital increase	732	0	9.268	0	10.000
Net profit for the year	0	0	6.133	0	6.133
Equity at 30 April	**3.404**	**0**	**21.739**	**0**	**25.143**

Cash Flow Statement 1 May - 30 April

	2016/17	2015/16
	USD ´000	USD ´000
Profit for the year before tax	6.949	5.783
Depreciation and impairment	2.699	95
Changes in receivables	(28.839)	30.564
Changes in trade payables, other payables, etc	13.026	(22.211)
Other adjustments	1.944	(542)
Cash flows from operating activities	**(4.221)**	**13.689**
Purchase of property, plant and equipment	(126)	(7)
Sale of property, plant and equipment	144	13
Fixed asset investments made	(9.768)	43
Cash flows from investing activities	**(9.750)**	**49**
Changes in special-term loans	13.110	(1.173)
Capital increase	10.000	0
Dividend paid	(10.000)	(13.000)
Cash flows from financing activities	**13.110**	**(14.173)**
Change in cash and cash equivalents	**(861)**	**(435)**
Cash and cash equivalents at 1 May	171	606
Cash and cash equivalents at 30 April	**(690)**	**171**

Notes to the Annual Report

1 Segment information

The Company's activities are considered one segment.

		2016/17	2015/16
2	**Staff expenses**	USD ´000	USD ´000
	Wages and salaries	8.799	18.070
	Pensions	551	774
	Other social security expenses	190	208
		9.540	**19.052**

With reference to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Supervisory and Executive Boards has not been disclosed.

	2016/17	2015/16
Average number of employees	**81**	**126**

3 Financial income

	2016/17	2015/16
Hereof intercompany interest income	**116**	**617**

4 Financial expenses

	2016/17	2015/16
Hereof intercompany interest expenses	**294**	**246**

5 Corporation tax

	2016/17	2015/16
Current tax for the year	821	219
Adjustment of tax previous years	0	(222)
Change of deferred tax	(5)	4
	816	**1**
which is broken down as follows:		
Tax on profit for the year	821	219
Adjustment of tax previous years	0	(222)
Change of deferred tax	(5)	4
	816	**1**

Notes to the Annual Report

	2016/17	2015/16
6 Proposed distribution of profit	USD ´000	USD ´000
Proposed dividend	0	10.000
Retained earnings	6.133	(4.218)
	6.133	**5.782**

	Land and buildings	Leasehold improvements	Other fixtures and fittings, tools and equipment
7 Property, plant and equipment	USD ´000	USD ´000	USD ´000
Cost at 1 May	578	50	713
Additions for the year	0	0	126
Disposals for the year	0	0	(376)
Cost at 30 April	578	50	463
Depreciation at 1 May	33	48	479
Depreciation for the year	6	2	88
Reversed depreciation on disposals for the year	0	0	(232)
Depreciation at 30 April	39	50	335
Carrying amount at 30 April	**539**	**0**	**128**

Notes to the Annual Report

		Deposit	Securities	Investments in subsidiaries
8	**Fixed asset investments**	USD ´000	USD ´000	USD ´000
	Cost at 1 May	401	15	2.855
	Additions and disposals for the year	(232)	0	10.000
	Cost at 30 April	169	15	12.855
	Value adjustments at 1 May	0	0	0
	Impairment for the year	0	0	(2.603)
	Exchange adjustment	0	0	0
	Value adjustments at 30 April	**0**	**0**	**(2.603)**
	Carrying amount at 30 April	**169**	**15**	**10.252**

Investments in subsidiaries comprise:

Place of reg. office	Name	Ownership share
Monaco	Dan-Bunkering (Monaco) S.A.M.	100%
Texas, USA	Dan-Bunkering (America) Inc.	100%
UAE, Dubai	Dan-Bunkering (Middle East) DMCC	100%
Singapore	Dan-Bunkering (Singapore) Pte. Ltd.	100%

9 Prepayments

Prepayments comprise prepaid expenses relating to rent, consultant assistance, fees, subscriptions, etc.

10 Equity

The share capital consists of:
1,500 shares of DKK 10,000 (equivalent USD 1,781.2) at the historical exchange rate of 5.6141 to USD 2,672k and 500 shares of DKK 10,000 (equivalent USD 1,464.2) at the exchange rate of 6.8296 to USD 732k.

Notes to the Annual Report

		2017	2016
11	**Deferred tax**	USD ´000	USD ´000
	Deferred tax at 1 May	(101)	(3.097)
	Adjustment of deferred tax previous years	0	2.992
	Change for the year	(5)	4
	Deferred tax at 30 April	**(106)**	**(101)**

Deferred tax relates to property, plant and equipment and tax loss carry-forward.

12 Contingent liabilities

A/S Dan-Bunkering Ltd. is an obligor in respect of the bank loans of the group companies. As at 30 April 2017, these obligations were limited to USD 124,455k, which is equal to A/S Dan-Bunkering Ltd.'s equity and A/S Dan-Bunkering Ltd.'s and its subsidiary's intra-group liability to Bunker Holding A/S as at 30 April 2017.

In the event that these obligations in respect of the bank loans of the group companies materialize, Bunker Holding A/S will cancel any claim it may have against A/S Dan-Bunkering Ltd. in an amount equaling the part of the obligations which relate to A/S Dan-Bunkering Ltd. and its subsidiary's intra-group liability to Bunker Holding A/S.

The Danish group enterprises are jointly and severally liable for tax on the consolidated jointly taxed income etc. The total corporation tax payable is shown in the Annual Report of Selfinvest ApS, which is the management company of the joint taxation. The Danish group enterprises are moreover jointly and severally liable for Danish withholding taxes. Any subsequent adjustments of corporation tax and withholding taxes may imply that the Company is liable for a higher amount.

Notes to the Annual Report

		2017	2016
12	**Contingent liabilities** (continued)	USD ´000	USD ´000
	Operating lease commitments:		
	Within one year	263	691
	Between one and five years	831	1.040
	After five years	0	87
	Total lease	**1.094**	**1.818**
	Hereof group enterprises	11	421
	Guarantees:		
	Payment guarantee, through bank	**8**	**8**

13 Related parties

Related parties comprise the Supervisory Board, the Executive Board and senior executives in the group enterprises as well as companies in which these persons have significant interests.

With reference to section 98 C(7) of the Danish Financial Statements Act, related party transactions details are not disclosed.

The Company is included in the Consolidated Financial Statements of the immediate Parent Company, Bunker Holding A/S.

Controlling interest is exercised through the Company's immediate Parent Company, Bunker Holding A/S. The Company's ultimate Parent Company which prepares Consolidated Financial Statements is Selfinvest ApS, in which Torben Østergaard-Nielsen, CEO, exercises control.

Notes to the Annual Report

14 Fee to auditors appointed at the general meeting

Fee to auditors appointed at the general meeting is stated in the Annual Report of Bunker Holding A/S.

15 Subsequent events

No significants events effecting the assessment of the Annual Report have accurered after the balance sheet date.

Accounting Policies

Basis of Preparation

The Annual Report of A/S Dan-Bunkering Ltd. for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Annual Report for 2016/17 is presented in USD 1,000.

The Company has changed accounting policy for recognition and measurement of investments in subsidiaries, as Management believes this gives a more fair picture of the Company's results and financial position, from previously under the equity method to now recognising and measuring investments in subsidiaries to the lower of historical cost and net realisable value.

The change has affected the Company’s result positively by USD 9.0 million (2015/16: negative USD 1.9 million). The Company’s fixed assets decreased by USD 7.7 million (2015/16: a decrease of USD 16.8 million), and total assets and equity by the same amounts. Cash flows are not affected by the change.

Besides the change of accounting policy for the Company’s recognition and measurement of investments in subsidiaries, the accounting policies applied remain unchanged from the previous years.

Consolidated financial statements
With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Bunker Holding A/S, the Company has not prepared consolidated financial statements.

Recognition and measurement
The Financial Statements have been prepared based on the historic cost principle.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost is 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 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.

Accounting Policies

Recognition and measurement (continued)

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account profits, losses and risks occurring before the presentation of the Annual Report which relate to affairs and conditions existing at the balance sheet date.

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

Presentation currency
The Financial Statements for 2016/17 have been presented in USD. At 30 April 2017 the year-end exchange rate for USD/DKK was 6.81 The comparative figures are translated at the historical year-end exchange rate which as of 30 April 2016 was USD/DKK 6.53.

Translation policies
Transactions in foreign currencies are translated during the year 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 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; however, see the paragraph on hedge accounting.

Income statements of foreign subsidiaries that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

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 recognised in “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.

Accounting Policies

Hedge accounting
Changes in the fair values of derivative 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 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.

Segment information
Segment information on activities is presented.

Income Statement

Revenue
Revenue comprises the sale of goods and services and is recognised based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Revenue also includes income from the sale of financial derivatives in respect of crude oil and oil-related products at the time when the contract is concluded.

Direct expenses
Direct expenses include expenses for the purchase of goods for resale.

Other external expenses
Other external expenses include expenses for sales, administration as well as the running of office facilities, etc.

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

Accounting Policies

Income from investments in subsidiaries
Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses
Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year
Tax for the year consists of current tax for the year and adjustment of 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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Balance Sheet

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and 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.

Land is measured at cost. No depreciation is made on land.

Interest paid on loans raised for indirect or direct financing or production of property, plant and equipment is recognised in the income statement.

Freehold flat is measured at market value if this value is assessed to be of a durable nature, less accumulated depreciation.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets:

Buildings	20-50 years
Other fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	5 years

Accounting Policies

Property, plant and equipment (continued)
Gains and losses on sale of property, plant and equipment are recognised in the income statement under Other operating income and Other external expenses, respectively.

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, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries
Investments in subsidiaries are recognised and measured to the lower of historical cost 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 under assets comprise prepaid expenses.

Securities
Securities recognised in current assets are measured at the fair value at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Dividend
Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions
Provisions are recognised when – in consequence of an event occurred before or on the balance sheet date – the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Accounting Policies

Deferred tax assets and liabilities
Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities
Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year and adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts
Fixed-interest loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Accounting Policies

Cash Flow Statement
The cash flow statement shows the Company'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 Company'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 short- and long-term debt as well as payments to and from shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise the items ”Cash at bank and in hand” and ”Securities” under current assets as well as “Credit institutions” under short-term debt.

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

Accounting Policies

Definition of financial ratios

Gross margin	=	Gross profit x 100 Revenue
Profit margin	=	Profit before financials x 100 Revenue
Return on equity	=	Net profit for the year x 100 Average equity
Liquidity ratio	=	Current assets Short-term debt
Solvency ratio	=	Equity at year end x 100 Total assets
Average number of employees	=	Employees are converted to annual full time employees