

Lauritzen Ship Owner A/S

Tranegårdsvej 20, DK-2900 Hellerup

CVR no. 71 24 63 10



Annual report 2016

Approved at the annual general meeting of shareholders on 7 April 2017

Chairman:



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Lauritzen Ship Owner 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 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.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 7 April 2017
Executive Board:



Thomas Wøidemann

Board of Directors:



Bent Østergaard
Chairman



Inge Grønvold



Thomas Wøidemann

Independent auditor's report

To the shareholders of Lauritzen Ship Owner A/S

Opinion

We have audited the financial statements of Lauritzen Ship Owner A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including 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 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 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 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 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 the 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 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 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 note 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 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.

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, 7 April 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Torben Bender
State Authorised Public Accountant



Kim Nicolajsen
State Authorised Public Accountant



Management's review

Company details

Name	Lauritzen Ship Owner A/S
Address, Postal code, City	Tranegårdsvej 20, DK-2900 Hellerup
CVR no.	71 24 63 10
Established	26 August 1982
Financial year	1 January - 31 December
Telephone	+45 33 96 80 00
Telefax	+45 33 96 80 01
Board of Directors	Bent Østergaard, Chairman Inge Grønvold Thomas Wødemann
Executive Board	Thomas Wødemann
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuhs Vej 4, P. O. Box 250, 2000 Frederiksberg, Denmark

Management's review**Management commentary****Business review**

The Company runs a fleet of two LPG vessels (Kamilla Kosan & Kathrine Kosan). The vessels are operated in a pool cooperation with J. Lauritzen A/S

Financial review

The income statement for 2016 shows a loss of USD 536 thousand and the balance sheet at 31 December 2016 shows equity of USD 28,019 thousand. In order meet current obligations in connection with the above investments, the Parent Company, LF Investment ApS, has made a capital injection of USD 28.1 million.



Financial statements for the period 1 January - 31 December

Income statement

Note	USD'000	2016	2015
	Revenue	1,218	0
	Other external expenses	-1,134	-1
	Gross margin	84	-1
	Depreciation of property, plant and equipment	-419	0
	Profit/loss before net financials	-335	-1
2	Financial expenses	-201	0
	Profit/loss for the year	-536	-1
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-536	-1
		-536	-1

Financial statements for the period 1 January - 31 December

Balance sheet

Note	USD'000	<u>2016</u>	<u>2015</u>
	ASSETS		
	Fixed assets		
	Property, plant and equipment		
	Vessels	56,690	0
		<u>56,690</u>	<u>0</u>
	Total fixed assets	<u>56,690</u>	<u>0</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	118	0
	Receivables from group entities	0	423
		<u>118</u>	<u>423</u>
	Cash	<u>5,374</u>	<u>0</u>
	Total non-fixed assets	<u>5,492</u>	<u>423</u>
	TOTAL ASSETS	<u><u>62,182</u></u>	<u><u>423</u></u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	USD'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	3,804	174
	Retained earnings	24,215	249
	Total equity	28,019	423
	Liabilities		
	Non-current liabilities other than provisions		
	Bank debt	28,851	0
		28,851	0
	Current liabilities		
	Current portion of long-term liabilities	4,886	0
	Trade payables	272	0
	Payables to group entities	147	0
	Other payables	7	0
		5,312	0
	Total liabilities other than provisions	34,163	0
	TOTAL EQUITY AND LIABILITIES	62,182	423

- 1 Accounting policies
- 3 Collateral
- 4 Related parties

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	174	250	424
Transfer, see "Appropriation of loss"	0	-1	-1
Equity at 1 January 2016	174	249	423
Capital increase	3,630	24,502	28,132
Transfer, see "Appropriation of loss"	0	-536	-536
Equity at 31 December 2016	3,804	24,215	28,019

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Lauritzen Ship Owner A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All costs, including depreciation, amortisation and impairment losses, are also recognised in the income statement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Reporting currency

The financial statements are presented in USD as the Company's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 705,00.

Income statement

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc

Depreciation

The item comprises depreciation of property, plant and equipment.

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 of the assets are as follows:

Vessels	25 years
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Financial expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised 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. Financial income and expenses are recognised at the amounts relating to the financial year

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year comprises income tax on shipping activities calculated in accordance with the provisions of the Danish Tonnage Tax Act, income tax on other activities calculated in accordance with ordinary tax rules and adjustments of deferred tax. Income tax is recognised in the income statement except for the tax expense relating to amounts directly recognised in equity, which, accordingly, are recognised in equity.

Lauritzen Ship Owner A/S is jointly taxed with the other Danish subsidiaries of the Lauritzen Foundation.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Vessels are tested for indication of impairment at least annually and impairment is recognised whenever the carrying amount exceeds the recoverable amount.

Estimated useful lives and residual values are assessed annually

Receivables

Receivables are measured at amortised cost, which is in general equal to the nominal value. Write-down is made of the value for anticipated bad debt losses.

Equity

Proposed dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Income taxes

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured on temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. A tax rate of 22% was used for the current year.

Liabilities

Liabilities are measured at amortised cost, corresponding to the nominal value



Financial statements for the period 1 January - 31 December

Notes to the financial statements

USD'000	2016	2015
2 Financial expenses		
Other financial expenses	201	0
	201	0

3 Collateral

The Company has a guarantee from LF Investment ApS as security for loans at 31 December 2016

4 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Lauritzen Fonden	Tranegårdsvej 20, DK-2900 Hellerup	http://datacvr.virk.dk/data/