ANNUAL REPORT 2016/17

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

Chairman of the meeting Michael Keldsen

Financial year: 1 May 2016 – 30 April 2017

Turbinevej 10, DK-5500 Middelfart, company reg. no. 76 95 00 16

A/S United Shipping & Trading Company

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KEY FIGURES AND FINANCIAL RATIOS

USTC Headquarters

FIVE-YEAR DEVELOPMENT

	2016/17	2015/16	2014/15	2013/14	2012/13
	DKK mill	DKK mill	DKK mill	DKK mill	DKK mill
Income Statement					
Revenue	46,051	40,100	51,983	61,935	61,810
Profit before financial income and expenses	273	570	517	407	143
Net financials	(86)	(92)	24*	(72)	(19)
Profit before tax	195	487	547*	335	125
Net profit for the year	147	413	421*	267	52
Balance sheet					
Balance sheet total	9,369	7,269	8,068	8,040	7,988
Equity	2,470	2,471	2,194	1,552	1,348
Cash flows					
Cash flows from:					
- operating activities	(658)	464	535	451	28
- investing activities	(210)	(261)	(157)	(165)	(540)
hereof investment in property, plant and equipment and intangible assets	(119)	(131)	(133)	(130)	(538)
- financing activities	(299)	(518)	263	(126)	321
Change in cash and cash equivalents for the year	(1,166)	(316)	640	160	(191)
Ratios (%)					
Gross margin	4.6%	5.6%	3.9%	2.6%	2.6%
Profit margin	0.6%	1.4%	1.0%	0.7%	0.2%
Return on equity	5.9%	17.7%	22.5%	18.4%	3.8%
Liquidity ratio	1.28	1.46	1.44	1.24	1.22
Solvency ratio	26.4%	34.0%	27.2%	19.3%	16.9%
Number of employees	1,575	1,488	1,376	1,251	1,154

For definitions, see Accounting Policies.

* *Includes a non-recurring financial income of DKK 80 mill before tax (DKK 65 mill after tax) from a legal case.*

MANAGEMENT'S REVIEW

The New Little Belt Bridge, Middelfart, Denmark

ACTIVITIES

The Group has activities within four segments:

» Bunkers
» Shipowning
» Shipping and logistics
» IT services

The Parent Company is a holding company that holds shares in the subsidiaries and contributes to the continued development of these.

Bunkers

Purchase, sale, mediation and supply of bunkers and lubricating oil for ships as well as various naturally related services. The activities take place on a worldwide basis with customers primarily within the shipowning, shipping and transport industries. Within bunkers the Company is clearly one of the world's biggest players.

Shipowning

The Company operates a global fleet of modern and flexible product and chemical tankers with focus on high security and quality in sizes up to 20,000 DWT. The fleet comprises 17 own ships as well as chartered ships under management. At the end of the financial year, the fleet at disposal comprised a total of 42 ships, and the tonnage available under the Company's activities totals 343,000 DWT.

Shipping and logistics

Main activities include stevedoring and providing warehousing, agency, customs clearing, commercial chartering, liner services, cruise services and freight forwarding (road, air, sea). The logistics services are performed on the basis of more than 100,000 m^2 multi harbour terminals in Denmark and Sweden. The Company operates a fleet of coasters and has approximately 250 lorries on the roads daily. Moreover, the company has a number of offices abroad.

IT services

The Group's IT activities comprise a wide range of high-end services within infrastructure and hosting including cloud-based solutions, operation of complex and international software solutions as well as Microsoft SQL competencies for operation and optimisation of database performance.

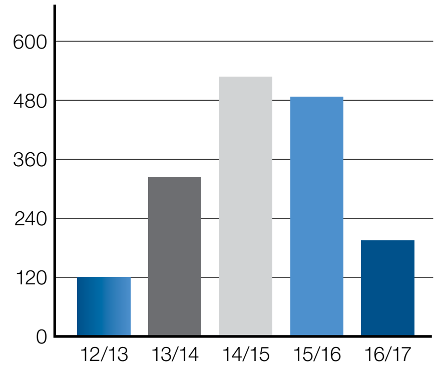
DEVELOPMENT IN THE YEAR

The USTC Group achieved revenue of DKK 46,051 million and a profit after tax of DKK 147 million. At the end of the year, equity amounted to DKK 2,470 million corresponding with a solvency ratio of 26.4%.

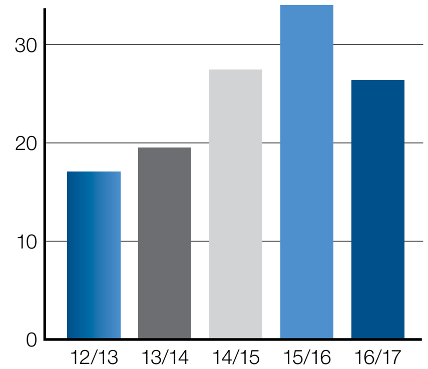
Compared to last year, revenue of the year shows an increase of 15%, primarily coming from increased revenues from trading with bunkers that makes out the vast part of the Group's revenue. The increase in revenues is caused partly by increasing oil prices, partly by a higher volume traded.

Both the bunker and the shipowning activities have had a difficult year and realised lower earnings than last year. The two segments have both been hit by a fierce competition in the market – especially the shipowning activities have been affected by the significant drop in tanker rates compared to the year before. On the opposite, the shipping and logistics area as well as the IT services achieved improving results through growing their business and activities.

Profit before tax in DKK mill



Solvency ratio percentage

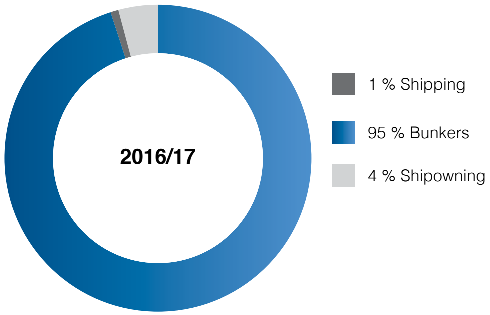


The USTC Group has a very strong financial position with a solid equity base and solvency ratio. The Group's funding is based on solid agreements with its banks with whom the Group has had a close relation for many years.

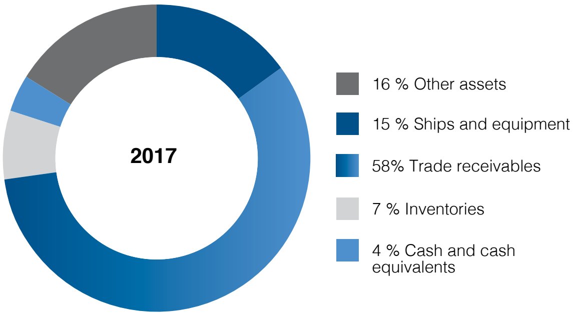
The profit for the year is lower than expected ahead of the year, but based on the market conditions seen during the year, the result is considered acceptable.

THE BUNKER BUSINESS HAS GROWN ITS MARKET SHARE, STRENGTHENED ITS STRATEGIC FOUNDATION AND SET THE COURSE FOR FUTURE GROWTH

Segments' share of revenue



Division of assets



Bunkers
The bunker business achieved revenue of DKK 43,737 million and a profit before financial items of DKK 272 million.

With weak global economic growth and a low level of shipping demand, 2016/17 was a tough year for shipping. The bunker industry faced an imbalance between supply and demand, and global bunker volumes were down.

At the same time, competition temporarily heated up in the industry. As bunker prices fell to multi-year lows in 2015 and part of 2016, smaller players gained access to more product than their credit facilities would otherwise have allowed. The resulting increase in competition created tighter margins which made an impact across the industry. Many bunker suppliers felt pressured to lower their margins to rock-bottom levels. Under these circumstances the Group's bunker business demonstrated its strength through a strong performance in a challenging market. The business area has delivered a satisfactory and profitable result. Moreover, the bunker business has grown its market share, strengthened its strategic foundation and set the course for future growth.

Throughout the year, the bunker activities continued to stay the course. Several of its competitors reported deficits for the last part of 2016 and were forced to downsize and restructure, including closing offices and laying off employees. The Group's bunker activities, on the contrary, opened two new offices and invested massively in education and training.

A strong and continuous access to capital is essential for a working capital intensive business like bunkering. The 3-year committed financing facility with a strong syndicate of Danish and international banks assures the bunker activities' ability to stay in the market and react to changes in financing requirements despite volatility in quantities sold and oil prices.

Looking forward, the business area expects a better result for the financial year 2017/18. The second half of the last financial year was markedly better than the first, not least because the business area optimised its business and benefitted from the effects of the shipping industry's recovery.

Shipowning
After a great result last year, the shipowning activities have seen strongly declining markets in 2016/17. The first few months continued with decent results, but since then it has been impossible to trade the vessels at profit making levels. Revenue declined approximately 7% and the net result before financial items for the year is a loss of DKK 28 million. The result is clearly disappointing, and below the expectations prior to the beginning of the year.

The business area has to the extent possible adapted to the new market situation by adjusting the fleet of time chartered vessels to match the demand. The fleet adjustment has resulted in a net decline of 8 vessels, and thus the fleet at disposal at year end counts 42 vessels and a total of 343,000 DWT.

Another topic high on the agenda for 2016/17 has been execution of extensive cost cutting programs, both regarding overheads and operation of the vessels. It has been crucial to all initiatives that no savings would jeopardise the strict focus on safety and quality of the Company's fleet.

Nevertheless, the programs have indicated extensive saving potentials, which for the main part, however, will not have effect until the financial year 2017/18.

A new strategy has been introduced for the shipowning activities during the year. Basics of the strategy are:

» Focus on core,
» Closer to customers, and
» Operational excellence

As part of the new strategy, 5 must-win battles and several strategic projects supporting these must-win battles have been introduced, and the new strategy has brought all vessels, offices, and departments closer together, clearly working as one unit and towards the same goal: to become the no. 1 oil and chemical tanker operator in the Company's core markets.

Besides process optimisation, another key to operational excellence is efficient use of IT-systems, and a lot of effort has been put into making the shipowning business data-driven in decision making. This work will continue through the coming year, after which the Company is expected to be best-in-class when it comes to intelligent IT-solutions.

After having adapted both fleet and organisation to the current market conditions, the Company expects to further position itself as a leading operator of intermediate and small tanker vessels in the year to come. Based on the current market conditions and outlook expectations for next year, the result for 2017/18 is expected to improve significantly compared to the result achieved in 2016/17.

Shipping and logistics

The shipping and logistics activities achieved revenue of DKK 629 million and a profit before financial items of DKK 21 million.

Compared to last year, the profit before tax has increased by DKK 10 million corresponding to a 90% increase. The increased profit comes from two sources: organic growth/optimisation of existing activities and new business (acquisitions).

The growing profitability is considered a result of a continued strong and focused implementation of the strategy together with a very strong performing and motivated staff of employees.

As part of the business area's strategy plan is clear objectives for the Company as a whole and for the individual enterprises of the Company to support growth in activities and earnings.

During the year, two new acquisitions took place and already in the first year of operation they have managed to contribute positively to the profit.

The financial strength continued to improve over the last year and the improved profits along with focus on lower working capital has improved cash flow.

The shipping and logistics activities focus on organic growth as well as growth through acquisitions, and based on the current market conditions, the result for 2017/18 is expected in a range close to the actual result for 2016/17.

IT activities

The IT activities achieved revenue of DKK 85 million and a profit before financial items of DKK 9 million. The IT activities improved their results through growth in activities and focus on synergies.

During the year, two acquisitions were made with the purpose of increasing the portfolio of IT-services delivered by the Group.

The two acquired companies complement the existing business by adding areas such as managed services, operation of software and high-end operation and performance optimization of databases.

The expansion of new products has already paid off as customers are benefitting from the broader portfolio and already during the year increasing cross sales have been seen.

The positive development seen in the activities in 2016/17 bodes well for the future and the IT activities are well equipped for the coming year, although challenges are expected due to the tough competition in the market.

Strategy and objective

The objective of the USTC Group is, on a continuous basis, to develop its business in line with the customers' wishes and requirements. The Group wants to be known for its high-quality services and deliveries, and trading must comply with the highest Danish and international standards.

The Group focuses on strong organic growth but is ready to enter strategic alliances and make acquisitions when the opportunities arise.

FINANCIAL AND OPERATIONAL RISKS

Foreign exchange risks

The Group 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 Group is exposed to credit risk relating to its customers, and all customers and other business partners are credit rated regularly in accordance with the Group's policy for assuming credit risks. Thorough international 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 Group 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 Group'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 Group 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 Group's trading activities are back-to-back trading, where sale and purchase are done simultaneously and thus without any open positions. As for the physical activities, the Group possesses stocks but as the oil price is hedged, the Group has almost no exposure to deviations in the oil price. When the Group enters fixed price agreements the oil price exposure from such contracts is also hedged to reduce the price risk.

Trading risks

The Group's trading activities are widely spread on the various shipping segments and no single customer or supplier has a significant part of the Group'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.

The Group is exposed to the commercial risks that follow from the general freight market fluctuations. The commercial risk for the Group's vessels operated in a time charter equivalent sharing (TCE) pool is considered reduced compared to operating the vessels in the spot market. Focus is on maintaining a healthy balance between spot business and covered business, being by Contracts of Affreightment, time charters etc.

> OUR SUBSIDIARIES HAVE IN 2016/17 CONTINUED TO BE ACTIVELY ENGAGED IN PROJECTS TO LOWER SULPHUR EMISSIONS. OUR AIM IS TO PROTECT OUR SURROUNDINGS AND THE CLIMATE FROM HUMAN-INDUCED HARM AND HAZARDS.

The Group's fleet of 42 vessels consists of 40% own vessels and 60% percent time chartered vessels. As the time charter hire is fixed over the charter period, the Group is exposed to the commercial risk of a falling market, as well as other commercial risks. The Group's policy is to balance the risk between short term, medium term and long term charter hire periods.

CORPORATE SOCIAL RESPONSIBILITY

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

USTC Group policy focuses on 5 main areas:

» Health & Safety
» Staff Development
» Environment
» Community Engagement
» Human Rights

Health & Safety

Everywhere in the Group, we seek to create satisfactory and optimum working conditions for our employees. In 2016/17 we have continued to plan and perform our work with the highest possible consideration and care for their well-being. Routines ensuring the health and safety of our employees are continually developed and improved with the aim of attaining the best possible foundation for a happy, healthy and productive staff.

Staff Development

USTC emphasises open and honest communication internally in the Group as well as with all other stakeholders of the Group. Trust is essential in every aspect of our business and helps create the kind of work environment, cooperation and business relationships that inspire, motivate and add true value.

To ensure the welfare, job satisfaction and motivation of our employees, we provide ample opportunity for them to continually develop their professional and personal competencies through internal and external education and training programs.

Management considers staff development a key factor in the further development of our Group, and employees are encouraged and expected to seek out courses and training that keep their professional and personal skills sharp and up-to-date at all times to the overall benefit of the Group and the employees themselves.

Environment

Being a Group specialising in oil trading, operation of ships, logistics services and IT services, we do whatever in our capacity to reduce the impact on the environment. Particularly important areas of focus in our line of business are prevention of oil spill and energy optimisation of our vessels as well as constantly being on the lookout for ways to improve environmental and operational performance.

Our subsidiaries have in 2016/17 continued to be actively engaged in projects to lower sulphur emissions. Our aim is to protect our surroundings and the climate from human-induced harm and hazards, and we recycle and seek to reduce power consumption wherever and whenever possible.

For our vessels, several new initiatives have been taken during the year, among others installation of the new Ballast Water Treatment system and the continued work on application of a new generation hull coating, offline main engine lubrication oil filtration, and testing of LED lights in the engine rooms.

All of which are initiatives that have proven to have great positive impact on energy consumption on board our vessels.

Together with the full-year effect of actions taken in previous years, we have achieved a significant reduction in the average fuel consumption per tonne mile. In the terms of developing and supporting alternative fuels for the shipping industry in the Northern part of Europe we continue to take active part in developing the availability to LNG as bunker fuel.

Community Engagement
Our focus on the individual human being reflects our own organisation with subsidiaries across the globe actively engaged in community projects of various kinds.

Throughout 2016/17, the Group's business activities have been engaged in various non-profit projects around the globe with the aim of making a difference in their local community and support development of the social standards. Some of the initiatives we have been involved in during the financial year 2016/17 are:

» Food donations to vulnerable groups in the Middle East region
» Danish fundraising campaigns for cancer research and for families with children affected by cancer
» A Red Cross project for vulnerable children in the Nordic countries
» Charity rowing race in London, UK to raise money for disadvantaged young people
» Economical support to street children in Mumbai, India to provide a safe and stimulating learning environment

Human Rights
USTC Group does not tolerate any form of discrimination, be it on the grounds of gender, nationality, skin colour, sexual orientation or religion. On the contrary, the Group celebrates diversity and actively seeks to be a workplace with a multitude of different cultural backgrounds. As of 30 April, 2017, the Group employed more than 50 different nationalities.

REPORT ON GENDER COMPOSITION IN MANAGEMENT

(cf. Section 99 b of the Danish Financial Statements Act)

Targets for the underrepresented gender on the Board of Directors
USTC Board of Directors is the supreme management body in the company and currently consists of 7 members. Today, the percentage of female members of the board elected by the shareholder's committee is zero. The target for the underrepresented gender is set as 20% for 2018 and 35% for 2020.

The gender composition in the Board of Directors did not change in 2016/17 as the members were re-elected at the general assembly. To achieve the target, USTC Group will ensure to have the underrepresented gender on the list of candidates. USTC Group does, however, reserve the right to decide on the most qualified candidate regardless of gender.

The following subsidiaries are subject to section 99b of the Danish Financial Statements Act, and have the following targets:

Policy for the underrepresented gender at other management levels
We recruit reliable, respectful and competent professionals of any orientation. Our policy is that all employees, irrespective of gender, nationality, skin colour, sexual orientation and religion, must have equal career and management opportunities. This philosophy is supported by our openminded, unprejudiced culture which allows each individual employee to make the best possible use of his/her skills.

Likewise, USTC Group's internal management training programs are available to anyone with the right skills. When recruiting new colleagues, we evaluate the professional and personal skills of candidates. In our view, gender says nothing about a person's competencies, level of commitment or ability to cooperate with others which is why it is no decisive factor for us. In the USTC Group offices across the world, our highly skilled staff – male and female – works together in making the most of their talents.

The industry in which we operate is characterised by a high degree of multiplicity – and so is USTC Group. We believe

Company	Underrepresented gender, today*	Target for the underrepresented gender
A/S Dan-Bunkering Ltd	0%	Year 2020: 35%
A/S Global Risk Management Ltd	0%	Year 2020: 35%
Unioil Supply A/S	0%	Year 2020: 35%
Bunker Holding A/S	0%	Year 2020: 35%
Uni-Tankers A/S	13%	Year 2020: 35%
Shipping Holding A/S	17%	Year 2020: 40%

* *The gender composition in the Board of Directors did not change in 2016/17 as the members were re-elected at the general assembly.*

that as an international group with business partners across the globe it is not just a great advantage to be represented by employees with different cultural backgrounds and nationalities. It is an absolute must.

During 2016/17, we have continued the implementation and use of our mobility programs for all our employees. The programs ensure that employees with the best skills are always hired for the right positions, no matter of gender, nationality, skin colour, sexual orientation and religion.

COMPLIANCE

At USTC Group, 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 USTC Group 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 USTC Group complies with all relevant rules and legislation in the countries where the Group operates.

The Group'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 Group entities have introduced compliance programs to ensure that the Group has adequate procedures to prevent fraudulent behaviour among individuals within the Group or persons associated with the Group.

Compliance Programs

It is USTC Group'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 the Group 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.

USTC Group'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.

Personal Data

Personal data protection is an increasingly important focus area. Legislation and regulations are being rolled out globally, including in the European Union and Denmark, to ensure that companies are in compliance with ever stricter requirements on the protection of personal data. In Denmark, new legislation will likely entail intensified and extensive requirements for internal training, the preparation of guidelines and policies, and risk and impact assessments. The USTC Group works proactively with these and other matters to remain at the forefront of new regulations.

EXPECTATIONS FOR THE YEAR AHEAD

The Group'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, the management expects to strengthen the Group's position within the four business areas. Based upon the present market condition and outlook expectations for the year, the earnings are expected to increase compared to the year just ended.

SUBSEQUENT EVENTS

No significant events affecting the assessment of the Annual Report have occurred after the balance sheet date.

MANAGEMENT

BOARD OF DIRECTORS

Klaus Nyborg
Chairman

Born in 1963.
Board member since 2012 and Chairman since 2014.
Professional board member and investor.

Special competences
Global experience with management of listed shipping companies incl. CEO of Pacific Basin Shipping, Hong Kong. Strategic and financial expertise as well as in-depth knowledge of risk management.

Other directorships
Chairman of the boards in Norden A/S and Bawat A/S. Vice Chairman of the boards in Uni-Tankers A/S and Bunker Holding A/S. Member of the boards in Odfjell SE, Karen og Poul F. Hansens Familiefond, X- Press Feeders Ltd. and DFDS A/S.

Education
Msc in Business & Law, Copenhagen Business School supplemented with management courses at London Business School and IMD.

Torben Østergaard-Nielsen
Board member

Born in 1954.
Board member since 1994.
CEO, founder and owner of the USTC Group (A/S United Shipping & Trading Company).

Special competences
Extensive background and global experience within the shipping industry.

Other directorships
Chairman and member of the boards in most USTC Group companies. Member of the boards in FAYARD Holding A/S, Fiberline Composites A/S, H.J. Hansen Holding A/S, Gottfred Petersen Holding A/S and Selected Car Leasing A/S. Chairman of the board in Middelfart Bycenter A/S.

Other
German Honorary Consul since 1988, member of Corps Consulaire since 1988. Member of Nykredit Regionsråd and member of Danske Bank Erhvervsråd.

Morten H. Buchgreitz
Board member

Born in 1967.
Board member since 2014.
Member of the Group Executive Management of DONG Energy A/S (Distribution and Customer Solutions).

Special competences
Extensive and in-depth knowledge and experience with economics and finance, including credit and risk management.

Other directorships
Chairman and member of the boards in several DONG Energy Group companies. Member of the boards in Bunker Holding A/S and Uni-Tankers A/S.

Education
MSc in Business Administration and Computer Science.

Peter Frederiksen
Board member

Born in 1963.
Board member since 2012.
Member of the Executive Board of Hamburg Süd (Sales & Marketing).

Special competences
Extensive experience within the shipping industry from leading global positions in liner shipping at A.P. Møller Mærsk for more than 25 years and Hamburg Süd for 9 years. Broad management and strategy skills as well as financial experience.

Other directorships
Chairman of the boards in Sund & Bælt Holding A/S, A/S Storebælt, A/S Øresund, Femern A/S and A/S Femern Landanlæg. Vice Chairman of Oeresundsbro Konsortiet I/S. Member of the boards in Bunker Holding A/S and Uni-Tankers A/S.

Education
Shipping education at A.P. Møller Mærsk supplemented with management training at INSEAD and Cornell University.

Torben Janholt
Board member

Born in 1946.
Board member since 2010.
Professional board member.

Special competences
Extensive background and global experience within the shipping industry, primarily through his 28 years with J. Lauritzen A/S, the last 14 years as CEO, and as chairman of the Danish Shipowners' Association from 2005-2009.

Other directorships
Chairman of the board in Otto Suenson A/S. Member of the boards in Bunker Holding A/S, Uni-Tankers A/S, Torm A/S and Pioneer Marine Pty.

Education
Bachelor of Commerce supplemented with executive management training at IMD and IESE.

Michael Keldsen
Board member

Born in 1950.
Board member since 1994. Chairman of the board from 2004-2014.
Of Counsel, Kromann Reumert law firm, former partner.

Special competences
In-depth knowledge and experience within corporate and foundation/ trust law as well as mergers and acquisitions and shipbuilding contracts.

Other directorships
Member of the boards in Bunker Holding A/S, Uni-Tankers A/S, Shipping Holding A/S, Iron Pump A/S, Nemco Machinery A/S, Autronica Fire & Security A/S, Stanley Nordic Aps, GW Sprinkler A/S and Better CPH A/S.

Education
LL.M. (Master of Law).

Peter Korsholm
Board member

Born in 1971.
Board member since 2014.
Professional board member and investor.

Special competences
Extensive experience from private equity and developing international companies, as well as mergers & acquisitions, financing and management of financial risks.

Other directorships
Chairman of the boards in Lomax A/S, GDL Transport AB, DSVM Renovation A/S and Nymølle Stenindustrier A/S. Member of the boards in Bunker Holding A/S, Uni-Tankers A/S, RebelPenguin Aps, DSV Miljø Holding A/S and certain subsidiaries, Bones Restauranter A/S and Dong Energy A/S.

Education
MBA from INSEAD, MSc from London School of Economics, BA from University of Copenhagen.

EXECUTIVE BOARD

Torben Østergaard-Nielsen
CEO

Born in 1954.
Board member since 1994.
CEO, founder and owner of the USTC Group (A/S United Shipping & Trading Company).

Special competences
Extensive background and global experience within the shipping industry.

Other directorships
Chairman and member of the boards in most USTC Group companies. Member of the boards in FAYARD Holding A/S, Fiberline Composites A/S, H.J. Hansen Holding A/S, Gottfred Petersen Holding A/S and Selected Car Leasing A/S. Chairman of the board in Middelfart Bycenter A/S.

Other
German Honorary Consul since 1988, member of Corps Consulaire since 1988. Member of Nykredit Regionsråd and member of Danske Bank Erhvervsråd.

Jesper Klokker Hansen
Group CFO

Born in 1964.
Joined the USTC Group in 2004.
Member of the Executive Board and Group CFO in A/S United Shipping & Trading Company since 2014.

Special competences
Strong experience and in-depth knowledge within financial management, funding, risk management, IT and strategy.

Other directorships
Chairman and member of the boards in several Bunker Holding Group companies. Member of the boards in FJ Industries A/S and TOGT Ejendomsudvikling A/S.

Education
Holds a Diploma in Business Administration and Economics supplemented by executive management training at INSEAD and Columbia Business School.

CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS

USTC Headquarters

INCOME STATEMENT

1 MAY - 30 APRIL

	Note	Group		Parent Company	
		2016/17	2015/16	2016/17	2015/16
		DKK '000	DKK '000	DKK '000	DKK '000
Revenue	1	46,051,217	40,100,042	**0**	**0**
Direct expenses		43,930,027	37,874,188	0	0
Gross profit		**2,121,190**	**2,225,854**	**0**	**0**
Other operating income		2,718	13,014	0	0
Other external expenses		695,628	516,704	595	1,000
Staff expenses	2	928,729	953,623	0	0
Depreciation, amortisation and impairment losses	3	226,693	198,251	0	0
Profit before financial income and expenses		**272,858**	**570,290**	**(595)**	**(1,000)**
Profit from investments in group enterprises and associates		7,443	8,105	138,688	413,659
Financial income	5	60,847	55,873	3,026	3,791
Financial expenses	6	146,450	147,627	1,469	6,148
Profit before tax		**194,698**	**486,641**	**139,650**	**410,302**
Tax on profit for the year	4	47,976	73,232	223	(739)
Net profit for the year		**146,722**	**413,409**	**139,427**	**411,041**
Proposed distribution of profits	12				

BALANCE 30 APRIL

ASSETS

	Note	Group		Parent Company	
		2017	2016	2017	2016
		DKK '000	DKK '000	DKK '000	DKK '000
Software		30,739	17,560	0	0
Development projects		3,994	0	0	0
Acquired rights		690	0	0	0
Goodwill		310,485	277,455	0	0
Intangible assets	7	**345,908**	**295,015**	**0**	**0**
Land and buildings		160,261	156,501	0	0
Ships and equipment		1,435,059	1,424,523	0	0
Fixtures and fittings, tools and equipment		35,397	44,226	0	0
Leasehold improvements		218	332	0	0
Prepayments for property, plant and equipment		388	372	0	0
Property, plant and equipment	8	**1,631,323**	**1,625,954**	**0**	**0**
Investments in subsidiaries		0	0	2,216,116	2,250,922
Securities and other investments		20,320	11,214	0	0
Other receivables		2,604	2,582	0	0
Fixed asset investments	9	**22,924**	**13,796**	**2,216,116**	**2,250,922**
Fixed assets		**2,000,155**	**1,934,765**	**2,216,116**	**2,250,922**
Inventories		**699,874**	**661,791**	**0**	**0**
Trade receivables		5,456,822	3,396,452	0	0
Other receivables	10	507,913	602,639	1,040	1,834
Receivables from group enterprises		0	51	0	0
Receivables from associates		17,694	12,292	0	0
Prepayments		64,530	66,337	47	45
Corporation tax		59,690	82,918	0	0
Deferred tax asset	13	44,644	11,622	0	0
Receivables		**6,151,293**	**4,172,311**	**1,087**	**1,879**
Securities		**118,631**	**137,516**	**117,093**	**136,752**
Cash at bank and in hand		**399,094**	**362,382**	**154**	**2,109**
Current assets		**7,368,892**	**5,334,000**	**118,334**	**140,740**
Assets		**9,369,047**	**7,268,765**	**2,334,450**	**2,391,662**

BALANCE 30 APRIL

LIABILITIES AND EQUITY

	Note	Group		Parent Company	
		2017	2016	2017	2016
		DKK '000	DKK '000	DKK '000	DKK '000
Share capital		4,900	4,900	4,900	4,900
Reserve for net revaluation under the equity method		18,245	10,064	1,441,533	1,519,031
Reserve for development costs		732	0	0	0
Retained earnings		2,131,134	2,037,130	708,578	528,163
Proposed dividend for the year		100,000	220,000	100,000	220,000
Shareholders part of equity		**2,255,011**	**2,272,094**	**2,255,011**	**2,272,094**
Minority interests		214,754	198,868	0	0
Total equity	11	**2,469,765**	**2,470,962**	**2,255,011**	**2,272,094**
Provision for deferred tax	13	22,752	18,523	0	0
Pension obligations		184	170	0	0
Other provisions	14	9,668	154	0	0
Provisions		**32,604**	**18,847**	**0**	**0**
Mortgage debt		80,049	74,540	0	0
Credit institutions		1,003,905	1,042,941	0	29,897
Lease payables		0	403	0	0
Deposits		43	0	0	0
Other payables		4,000	0	0	0
Long-term debt	15	**1,087,997**	**1,117,884**	**0**	**29,897**
Short-term part of long-term debt		86,825	95,875	30,334	39,861
Credit institutions		2,183,124	1,013,679	22,009	36,370
Trade payables		2,870,482	1,880,345	138	0
Prepayments received		196,733	258,378	3	0
Payables to associates		9,317	1,828	0	0
Payables to group enterprises		88	1,807	26,728	9,035
Deferred income		15,565	19,293	0	0
Corporation tax		85,263	73,149	212	3,805
Other payables	10	331,284	316,718	16	600
Short-term debt		**5,778,681**	**3,661,072**	**79,440**	**89,671**
Debt		**6,866,678**	**4,778,956**	**79,440**	**119,568**
Liabilities and equity		**9.369.047**	**7,268,765**	**2,334,450**	**2,391,662**
Security etc	16				
Related parties	17				
Fee to auditors appointed at the general meeting	18				
Subsequent events	19				

EQUITY

GROUP

2016/17	Share capital	Revaluation reserve	Reserve under the equity method	Reserve for development costs	Retained earnings	Proposed dividend	Total	Minority interests	Total equity
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 May	4,900	0	10,064	0	2,037,130	220,000	2,272,094	198,868	2,470,962
Dividend paid	0	0	0	0	(42,096)	(220,000)	(262,096)	0	(262,096)
Net profit for the year	0	0	7,388	732	31,307	100,000	139,427	7,295	140,398
Change in minority	0	0	0	0	0	0	0	6,465	6,465
Capital adjustments	0	0	793	0	104,793	0	105,586	2,126	114,036
Equity at 30 April	**4,900**	**0**	**18,245**	**732**	**2,131,134**	**100,000**	**2,255,011**	**214,754**	**2,469,765**

2015/16	Share capital	Revaluation reserve	Reserve under the equity method	Reserve for development costs	Retained earnings	Proposed dividend	Total	Minority interests	Total equity
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 May	4,900	5,530	6,650	0	2,001,189	175,000	2,193,269	958	2,194,227
Dividend paid	0	0	0	0	(100,000)	(175,000)	(275,000)	0	(275,000)
Net profit for the year	0	(5,530)	3,699	0	192,872	220,000	411,041	2,368	413,409
Change in minority	0	0	0	0	0	0	0	195,591	195,591
Capital adjustments	0	0	(285)	0	(56,931)	0	(57,216)	(49)	(57,265)
Equity at 30 April	**4,900**	**0**	**10,064**	**0**	**2,037,130**	**220,000**	**2,272,094**	**198,868**	**2,470,962**

EQUITY

PARENT COMPANY

2016/17	Share capital	Reserve under the equity method	Retained earnings	Proposed dividend	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 May	4,900	1,519,031	528,163	220,000	2,272,094
Dividend paid	0	0	(42,096)	(220,000)	(262,096)
Net profit for the year	0	(183,084)	222,511	100,000	139,427
Capital adjustments	0	105,586	0	0	105,586
Equity at 30 April	**4,900**	**1,441,533**	**708,578**	**100,000**	**2,255,011**

2015/16	Share capital	Reserve under the equity method	Retained earnings	Proposed dividend	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 May	4,900	1,812,095	201,274	175,000	2,193,269
Dividend paid	0	0	(100,000)	(175,000)	(275,000)
Net profit for the year	0	(235,848)	426,889	220,000	411,041
Capital adjustments	0	(57,216)	0	0	(57,216)
Equity at 30 April	**4,900**	**1,519,031**	**528,163**	**220,000**	**2,272,094**

CASH FLOW STATEMENT

1 MAY - 30 APRIL

	Group	
	2016/17 DKK´000	2015/16 DKK´000
Profit for the year before tax	194,698	486,641
Amortisation and depreciation for the year	226,693	198,251
Changes in receivables	(1,969,210)	963,263
Changes in provisions	9,528	42
Changes in inventories	(38,083)	(148,796)
Changes in trade payables, other payables, etc	949,143	(920,257)
Exchange adjustments and other adjustments	10,481	(16,736)
Cash flows from ordinary activities	**(616,750)**	**562,408**
Corporation tax paid	(41,426)	(98,787)
Cash flows from operating activities	**(658,176)**	**463,621**
Business acquisition	(113,781)	(130,890)
Purchase of intangible assets	(21,142)	(9,524)
Sale of intangible assets	23,308	151
Purchase of property, plant and equipment	(101,813)	(135,782)
Sale of property, plant and equipment	3,822	14,713
Cash flows from investing activities	**(209,606)**	**(261,332)**
Change in debt to mortgage credit institutes and credit institutions	(42,697)	(446,955)
Changes in lease payables	(283)	(350)
Dividend received from associates	0	8,420
Dividend paid	(262,096)	(275,000)
Minority interests	6,465	195,591
Cash flows from financing activities	**(298,611)**	**(518,294)**
Change in cash and cash equivalents	**(1,166,393)**	**(316,005)**
Net cash and cash equivalents at 1 May	(513,781)	(197,894)
Additions through acquisition	14,775	118
Net cash and cash equivalents at 30 April	**(1,665,399)**	**(513,781)**

Net cash and cash equivalents comprise cash at bank and in hand, securities and the portion of the item “Credit institutions” under short-term debt relating to operating activities.

NOTES TO THE FINANCIAL STATEMENTS

1 Segment information

	Revenue		Profit/loss before financial income and expenses		Value of fixed assets		Liabilities	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
	DKK mill	DKK mill	DKK mill	DKK mill	DKK mill	DKK mill	DKK mill	DKK mill
Group								
Activities								
Sale and mediation of bunkers	43,737	37,795	272	448	358	359	5,395	3,395
Shipping	629	543	21	14	144	111	202	173
Shipowning	1,584	1,704	(28)	113	1,461	1,446	1,202	1,187
IT business	85	46	9	5	18	9	29	11
Other businesses	16	12	(1)	(10)	19	10	39	13
	46,051	**40,100**	**273**	**570**	**2,000**	**1,935**	**6,867**	**4,779**

2 Staff expenses

	2016/17	2015/16
	DKK '000	DKK '000
Group		
Hire of crew	75,403	78,115
Wages and salaries	724,674	751,801
Pensions	43,023	37,098
Other social security expenses	85,629	86,609
	928,729	**953,623**
With reference to section 98b(3) of the Danish Financial Statements Act, remuneration to the Executive Board and the Board of Directors is not disclosed.		
Number of employees, including hired crew	**1,575**	**1,488**
Parent Company		
Besides the Executive Board, the Company has no employees.		

3 Amortisation and depreciation

	2016/17 DKK '000	2015/16 DKK '000
Group		
Software	7,464	5,967
Development projects	1,226	0
Acquired rights	101	0
Goodwill	55,805	46,144
Buildings	10,909	12,460
Ships and equipment	136,161	117,039
Fixtures and fittings, tools and equipment	14,909	16,526
Leasehold improvements	118	115
	226,693	**198,251**

4 Corporation tax

	Group		Parent company	
	2016/17 DKK '000	2015/16 DKK '000	2016/17 DKK '000	2015/16 DKK '000
Current tax for the year	75,588	60,308	212	(739)
Tax concerning previous years	(611)	(29,287)	11	0
Adjustment of provision for deferred tax	(26,771)	7,454	0	0
Deferred tax, previous years	(230)	34,757	0	0
Total tax for the year	**47,976**	**73,232**	**223**	**(739)**

5 Financial income	Group		Parent company	
	2016/17 DKK '000	2015/16 DKK '000	2016/17 DKK '000	2015/16 DKK '000
Financial income from group enterprises	0	0	7	30
Other financial income	60,847	55,873	3,019	3,761
	60,847	**55,873**	**3,026**	**3,791**

6 Financial expenses	Group		Parent company	
	2016/17 DKK '000	2015/16 DKK '000	2016/17 DKK '000	2015/16 DKK '000
Financial expenses from group enterprises	0	0	164	0
Other financial expenses	146,450	147,627	1,305	6,148
	146,450	**147,627**	**1,469**	**6,148**

7 Intangible assets	Software DKK '000	Development projects DKK '000	Acquired rights DKK '000	Goodwill DKK '000
Group				
Cost at 1 May	27,920	0	0	513,385
Exchange adjustment	618	0	0	16,645
Additions for the year through business acquisition	0	8,324	1,058	0
Additions for the year	20,202	940	0	102,062
Disposals for the year	(116)	(1,019)	0	(23,308)
Cost at 30 April	**48,624**	**8,245**	**1,058**	**608,784**
Amortisation at 1 May	10,360	0	0	235,930
Exchange adjustment	177	0	0	6,564
Additions for the year through business acquisition	0	4,044	267	0
Amortisation for the year	7,464	1,226	101	55,805
Reversal of amortisation of disposals for the year	(116)	(1,019)	0	0
Amortisation at 30 April	**17,885**	**4,251**	**368**	**298,299**
Carrying amount at 30 April	**30,739**	**3,994**	**690**	**310,485**

8 Property, plant and equipment	Prepay-ments for fixed assets DKK '000	Land and buildings DKK '000	Ships and equipment DKK '000	Fixtures and fittings, tools and equipment DKK '000	Leasehold improve-ments DKK '000
Group					
Cost at 1 May	372	230,808	1,985,325	168,304	1,044
Exchange adjustment	16	606	83,338	2,637	60
Additions for the year through business acquisition	0	5,003	0	16,021	0
Transfer		4,826		(4,826)	0
Additions for the year	0	6,414	86,200	9,192	7
Disposals for the year	0	(5,671)	(61,642)	(8,815)	(57)
Cost at 30 April	**388**	**241,986**	**2,093,221**	**182,513**	**1,054**
Depreciation at 1 May	0	74,307	560,802	124,078	712
Additions for the year through business acquisition	0	0	0	14,376	75
Exchange adjustment	0	(15)	22,854	941	(12)
Depreciation and impairment losses for the year	0	10,909	136,148	14,909	118
Reversal of impairment and depreciation of sold assets	0	(3,476)	(61,642)	(7,188)	(57)
Depreciation at 30 April	**0**	**81,725**	**658,162**	**147,116**	**836**
Carrying amount at 30 April	**388**	**160,261**	**1,435,059**	**35,397**	**218**

9 Fixed asset investments

Fixed asset investments	Investments in associates DKK '000	Other receivables DKK '000
Group		
Cost at 1 May	1,096	2,582
Additions for the year	979	28
Additions for the year through business acquisition	0	346
Disposals for the year	0	(352)
Cost at 30 April	**2,075**	**2,604**
Value adjustments at 1 May	10,064	0
Disposals for the year	(55)	0
Exchange adjustment	793	0
Value adjustments for the year	7,443	0
Value adjustments at 30 April	**18,245**	**0**
Carrying amount at 30 April	**20,320**	**2,604**

9 (continued)

Fixed asset investments	Investments in subsidiaries DKK '000
Parent Company	
Cost at 1 May	731.891
Additions for the year	79,537
Disposals for the year	(36,845)
Cost at 30 April	**774,583**
Value adjustments at 1 May	1,519,031
Disposals for the year	(4,044)
Exchange adjustment	90,026
Shares of profit for the year	138,634
Dividend	(317,728)
Fair value adjustment of hedging instruments for the year	28,008
Other equity movements	(12,449)
Amortisation of goodwill	54
Value adjustments at 30 April	**1,441,533**
Carrying amount at 30 April	**2,216,116**
Remaining positive differences (goodwill) included in the above carrying amount at 30 April 2017	4,414
Remaining negative differences (badwill) included in the above carrying amount at 30 April 2017	3,071

9 (continued)

Fixed asset investments

Name	Place of reg. office	Votes and ownership
The Parent Company's investments in subsidiaries comprise:		
Bunker Holding A/S	Middelfart	100 %
IT Holding A/S	Middelfart	100 %
Shipping Holding A/S	Fredericia	100 %
Rederiaktieselskabet Nyborg	Nyborg	100 %
Uni-Tankers A/S	Middelfart	50.0001 %
Rechnitzer A/S	Middelfart	100 %

For a list of subsidiaries owned by subsidiaries please see the Annual Report of the above mentioned Companies.

10 Derivative financial instruments

Group	2016/17 DKK '000 Assets	2016/17 DKK '000 Liabilities
The items other receivables and other payables includes fair value adjustment of derivative financial instruments specified as follows:		
Commodity swaps	1,097,412	(2,321,308)
Commodity futures	2,098,159	(855,881)
Fixed Price Physical	7,139	0
Commodity options	38,940	(23,928)
Forward foreign exchange contracts	15,959	0
	3,257,609	**(3,201,117)**
Balances qualifying for offsetting		
Commodity swaps, -futures and -options	(3,154,725)	3,021,285
Margin deposits	147,323	(12,515)
Amounts included in the balance sheet	**250,207**	**(192,348)**

11 Equity

The share capital consists of 1 share of DKK 4,900k.

12 Proposed distribution of profits	2016/17 DKK '000	2015/16 DKK '000	2016/17 DKK '000	2015/16 DKK '000
	Group		Parent Company	
Proposed dividend	100,000	220,000	100,000	220,000
Extraordinary dividend	42,096	100,000	42,096	100,000
Assurance engagements equity method	8,181	3,414	(183,084)	(235,848)
Reserve for development costs	732	0	0	0
Minority interests' share of profit in group enterprises	7,295	2,368	0	0
Retained earnings	(11,582)	87,627	180,415	326,889
	146,722	**413,409**	**139,427**	**411,041**

13 Deferred tax

	2016/17 DKK '000	2015/16 DKK '000
Group		
Deferred tax at 1 May	6,901	(53,427)
Correction deferred tax, previous years	(231)	21,290
Exchange adjustment	(1,791)	1,512
Change for the year	(26,771)	37,526
Deferred tax at 30 April	**(21,892)**	**6,901**
Deferred tax is recognised in the Annual Report as follows:		
Deferred tax asset	(44,644)	(11,622)
Deferred tax liability	22,752	18,523
	(21,892)	**6,901**

Deferred tax relates to intangible assets and property, plant and equipment as well as tax loss carry-forwards and trade receiveables.

14 Other provisions

Other provisions relate to restructuring liabilities concerning severance pay and leases not utilized.
All other provisions falls due within 1 year.

15 Long-term debt

Group

Of the long-term debt, DKK 61,679k falls due after more than 5 years.

16	2016/17	2015/16
Security, contingent liabilities and lease and contractual obligations	DKK '000	DKK '000
Group		
Guarantees		
Payment guarantees issued through credit institutions in respect of commitments	61	1,878
Security		
As security for long-term debt, letters of indemnity have been provided in ships and equipment	1,830,876	1,774,029
At the balance sheet date, the carrying amount of the assets provided as security was	1,435,122	1,424,522
Secured bank debt at 30 April	1,056,178	1,063,206
Carrying amount of land and buildings provided as security for debt to mortgage credit institutes	138,471	122,438
Deposited owner's mortgage on buildings on owned and leased land provided as security for balance with mortgage credit and credit institutions	20,661	19,886
Mortgage deed registered to the mortgagor with charge on buildings on owned and leased land has been provided as security for debt to credit institutions	47,193	45,991
At the balance sheet date, the carrying amount of the assets provided as security was	55,587	54,618
Mortgage deed on movable property with charge on fixtures and fittings, tools and equipment has been provided as security for debt to credit institutions	4,300	4,300
Carrying amount of motor vehicles provided as security for debt to credit institutions	112	180
Contingent liabilities		
Deferred tax concerning shipowning company registered under the Tonnage Tax Scheme	21,124	20,263
Lease and rent obligations		
Lease and rent obligations	502,728	674,688

16 (continued)

Security, contingent liabilities and lease and contractual obligations

	2016/17 DKK '000	2015/16 DKK '000
Other liabilities		

Group

The Group's Danish companies are jointly and severally liable for the tax on the Group's jointly taxed income etc. Total accrued corporation tax appears from the Annual Report of Selfinvest ApS which acts as management company in the jointly taxed group. Moreover, the Group's Danish enterprises are jointly and severally liable for Danish withholding tax. Any subsequent adjustments to the corporation tax or withholding tax may result in an increase of the Company's liability.

Parts of the Group's activities are performed with basis in storage halls situated on leased sites. As is usual practice and according to the leases, the Group is obliged to surrender and yield up the sites in the state and condition in which they were taken over. It has not been possible to reliably calculate the amount which the Group may have to pay upon vacation of the storage halls as this is subject to material uncertainty. The possible restoration costs etc may be considerable. The leased sites are all subject to a long period of non-terminability on the part of the lessor (15-30 years) and are not expected to be vacated.

	2016/17 DKK '000	2015/16 DKK '000
Parent company		
Security		
The Company has provided subsidiary shares as security for the Company's obligations towards credit institutions.		
At the balance sheet date, the security provided amounted to	352,550	408,176

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Related parties

Related parties comprise the Board of Directors, the Executive Board and senior executives in 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, Selfinvest ApS.

Controlling interest is exercised through the Company's immediate Parent Company, Selfinvest ApS, in which Torben Østergaard-Nielsen, CEO, exercises control.

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Fee to auditors appointed at the general meeting

	Group 2016/17 DKK '000	Group 2015/16 DKK '000	Parent Company 2016/17 DKK '000	Parent Company 2015/16 DKK '000
PricewaterhouseCoopers (global)				
Audit	4,429	3,600	69	69
Assurance engagements	7	748	0	0
Tax services	1,527	1,778	0	0
Non-audit services	2,680	4,227	0	0
Other				
Audit	2,849	2,465	0	0
Assurance engagements	41	20	0	0
Tax services	1,554	1,153		
Non-audit services	1,561	1,273	0	0
	14,648	**15,264**	**69**	**69**

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Subsequent events

No significant events affecting the assessment of the Annual Report have occurred after the balance sheet date.

MANAGEMENT'S STATEMENT

The New Little Belt Bridge, Middelfart, Denmark

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of A/S United Shipping & Trading Company 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 Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Parent Company and the Group at 30 April 2017 and of the results of the Parent Company and Group operations and consolidated cash flows for 2016/17.

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

Middelfart, 3 July 2017

EXECUTIVE BOARD

Torben Østergaard-Nielsen
CEO

Jesper Klokker Hansen
CFO

BOARD OF DIRECTORS

Klaus Nyborg
Chairman

Torben Østergaard-Nielsen

Morten Hultberg Buchgreitz

Peter Frederiksen

Torben Janholt

Michael Keldsen

Peter Korsholm

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of A/S United Shipping & Trading Company

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 United Shipping & Trading Company 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 Financial 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 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.
- 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

Gert Fisker Tomczyk
State Authorised Public Accountant

ACCOUNTING POLICIES

BASIS OF PREPARATION

The Annual Report of A/S United Shipping & Trading Company 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.

Amendments per the Danish Financial Statements Act that are effective from 1 January 2016 have been implemented.

The amendments have resulted in transfer of an amount equal to capitalised development costs as a reserve not eligible for dividend distribution equity. The reserve corresponds to the development costs recognised in the balance sheet as intangible assets for the year. The change does not affect the financial statements or the financial position of the Group or the Parent Company at 30 April 2017.

Further the amendments have resulted in a reclassification of minority interest that previously was disclosed as a separate category in the balance sheet. Due to the changes these now form part of consolidated equity. The change positively affects the equity of the Group at 30 April 2017 with DKK 214,754k, but have no effect on the Parent Company's financial statemens.

The other amendments that are effective from 1 January 2016 have only entailed additional disclosure of information and do not affect the financial statements or the financial position of the Group or the Parent Company at 30 April 2017

Apart from changes due to amendments to the Danish Financial Statements Act mentioned above, the accounting policies applied remain unchanged from the previous year.

The Annual Report for 2016/17 is presented in DKK thousands.

Recognition and measurement

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

Revenues are recognised in the income statement as earned, and all expenses incurred to achieve the earnings for the year are deducted. Expenses include operating expenses, depreciation, amortisation, impairment losses and provisions as well as changes due to changed accounting estimates. Furthermore, value adjustments of financial assets and liabilities measured at fair value are 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 Group, 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 Group, 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.

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.

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.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Basis of consolidation
The Consolidated Financial Statements comprise the Parent Company, Selfinvest ApS, and enterprises in which the Parent Company directly or indirectly holds more than 50% of the votes or otherwise exercises control.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

Newly acquired or newly established enterprises are included in the Consolidated Financial Statements from the time of acquisition. The difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after fair value adjustment of the individual assets and liabilities (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Positive differences (goodwill) are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life; however, not exceeding 20 years.

Changes in the purchase price after takeover result in adjustment of the acquisition value of goodwill. Moreover, goodwill is adjusted where, at the time of takeover, the fair value of the net assets taken over turns out to differ from the value previously assumed. Goodwill is adjusted until the end of the financial year following the year of acquisition.

Minority interests
In the Consolidated Financial Statements, the items of the subsidiaries are fully recognised. Minority interests' proportionate shares of the profit and equity of the subsidiaries are stated as separate items in the notes and the balance sheet.

In connection with sale of a minority holding in a subsidiary, the Group acquired a right but not an obligation to repurchase the shares at the selling price with addition of an annual rate of return. This minority interest is measured at the repurchase price in accordance with the purchase option if it is considered probable that the purchase option will be exercised. In case of subsequent changes in minority interests, the changed shares are recognised in results as from the time of the change.

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 approximated value 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. 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 relating to operating leases are recognised in the income statement on a straight line basis over the lease period.

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 "Hedge accounting".

Upon recognition of financial statements of foreign group enterprises and associates, income statement items are translated into Danish kroner at the average exchange rate and balance sheet items at the exchange rate at the balance sheet date. Exchange differences arising on this translation 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. Determination of the amount of offsetting between derivatives and related collateral received and paid has been adjusted so as to better reflect the expected net cash settlement under the contractual agreements

The fair value of OTC traded derivative oil contracts is determined based on generally accepted forward and option models. Inputs to the models are, when possible, determined based on observable prices for the underlying products. In respect of contracts where the most relevant inputs are not observable, Management makes an estimation based on previous transactions, transactions with similar products, etc.

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.

Net fair value adjustments relating to trading in raw materials derivatives are presented under gross profit.

Hedge accounting

Fair value hedges:
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.

Hedges of future assets or liabilities:
Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised directly in retained earnings under equity. If the hedged transaction results in an asset or a liability, the amount is transferred from equity to the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount 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.

Hedges of investment in subsidiaries, etc:
Changes in the fair values of derivative 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.

Segment information
Segment information on activities is presented.

INCOME STATEMENT

Revenue
Revenue on the sale of goods and services is recognised in the income statement when the sale has been completed. This is considered the case when

» 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 duties.

Revenue includes income from shipowning activities, which is cut off and recognised over the duration of the voyages. Income from the sale of financial derivatives in respect of crude oil and oilrelated products is recognised in revenue at the time when the contract is concluded.

Gross profit includes net fair value adjustments relating to trading in raw materials derivatives.

Direct expenses
Direct expenses include expenses for the purchase of goods for resale, transport services, lease and running of machinery, depots and warehouses as well as fuel for own ships.

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.

Income from investments in group enterprises and associates
The item “Income from investments in group enterprises and associates” in the income statement of the Parent Company includes the proportionate share of net profit for the year less goodwill amortisation.

Financial income and expenses
Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange gains and losses and gains and losses on securities, amortisation of mortgage loans, as well as changes in the fair value of financial instruments.

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.

The Group’s shipowning companies are computed according to the provisions of the Danish Tonnage Tax Act. On the basis of the shipowning company’s planned shipowning activities, the Tonnage Tax Scheme does not imply recapture of depreciation, and therefore deferred tax for these companies is only disclosed in the note “Deferred tax”.

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

Intangible assets
Intangible assets are measured at cost less accumulated amortisation.

Completed development projects consist were the asset is ready for use and measured at cost less accumulated amortisation. Cost for development not meets the requiremenmts for capitalisation are expensed.

The period of amortisation of goodwill is longest for enterprises acquired for strategic purposes with a strong market position and a long earnings profile.

Amortisation based on cost is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Goodwill	max 20 years
Software	max 5 years
Development projects	max 3 years
Aquired rights	max 20 years

Residual values and expected useful lives are reassessed on an annual basis.

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 of land.

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

Owner-occupied flats are measured at market value, if deemed to be of a permanent nature, less accumulated depreciation.

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

Buildings	20-50 years
Fixtures and fittings, tools and equipment	3-10 years
Ships (newbuilding)	25 years
Ships (used)	up to 25 years
Leasehold improvements	2 years

Residual values and expected useful lives are reassessed on an annual basis.

Ships and equipment are measured at cost less accumulated depreciation calculated on a straight-line basis over the period until either the end of the expected useful life or the time of expected phasing out. At the establishment of expected useful life, the condition and age of the ships are considered. At the establishment of the time of expected phasing out, the provisions of the MARPOL convention are considered.

The scrap values of ships are determined as the ships' selling value after 25 years of use as estimated by external shipbroker.

Docking expenses are added to the carrying amounts of the ships at the time of payment and are expensed on a straight-line basis over the expected useful lives of the improvements, on average 2.5 years.

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 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, 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.

The recoverable amount of ships has been determined on the basis of the value in use as the value in use is considered higher than the fair value.

The value in use is calculated by means of cash flow estimates of the expected useful life of the ship based on approved budgets for the coming financial year as well as the following estimated development. A discount rate of 8% pa after tax and exchange rates at the level of the actual rates of exchange at 30 April 2017 have been applied.

The most material assumptions applied at the calculation of the value in use are as follows:

Cash flows are based on normal earnings over the remaining life of the ship based on the ship's expected total life, cf accounting policies applied.

» Freight rates for the coming years are estimated based on experience, knowledge of the market and input from the Company's business partners. As from the financial year 2017/18, an annual increase in freight rates corresponding to the market having reached the expected level in 2019/20 is estimated. Hereafter, an annual increase in freight rates corresponding to 2.5% is estimated.
» Operating and administrative expenses are based on experience and expectation of the general development in expenses. As from 2018/19, expenses are expected to increase by 2.5% annually.
» Docking expenses are estimated based on experience and already planned dockings. Docking expenses are expected to increase by 2.5% annually.

Investments in subsidiaries and associates
Investments in subsidiaries and associates are recognised and measured under the equity method.

The item "Securities and other equity investments" in the balance sheet of the Parent Company and the Group includes investments in associates at the proportionate ownership share of the net asset value of the enterprises calculated under the accounting policies of the Parent Company, adjusted for unrealised intercompany profits or losses and with addition or deduction of goodwill.

The total net revaluation of investments in associates is transferred in the Group to "Reserve for net revaluation under the equity method" under equity. The reserve is


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reduced by dividend distributions and adjusted for other equity movements.

Associates with a negative net asset value are recognised in the Consolidated Financial Statements at DKK 0. Any legal or constructive obligation of the Group to cover the negative balance of the enterprise is recognised in provisions.

Gains or losses on disposal or liquidation of associates are calculated in the Group as the difference between the sales sum or the liquidation amount and the carrying amount of net assets at the time of sale or liquidation, including unamortised goodwill and expected sales or liquidation expenses. Gains or losses are recognised in the income statement.

Prepayments
Prepayments recognised as receivable consists of prepayments of costs relating to the coming financial years.

Securities, equity investments and other investment assets
Securities, equity investments and other investment assets recognised in fixed asset investments are recognised and measured at fair value.

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of inventories the fair values of which are effectively hedged by a financial transaction is adjusted for changes in the fair value of the hedged risk.

Inventories are measured at landed cost.

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.

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.

Deferred income
Deferred income is recognised as liabilities consists of received payments regarding income in the coming financial years.

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 and own ships under the Tonnage Tax Scheme.

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 and presented as a net item 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, such as mortgage loans and loans from credit institutions, 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.

Cash Flow Statement
The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

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 noncash 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 payment of dividend to 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 the operating share of the item "Credit institutions" under short-term debt. "Securities" comprise short-term securities subject to insignificant risk of value changes which can easily be turned into cash.

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

DEFINITION OF FINANCIAL RATIOS

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

$$\text{Profit margin} = \frac{\text{Profit before financials x 100}}{\text{Revenue}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

$$\text{Liquidity ratio} = \frac{\text{Current assets}}{\text{Short-term debt}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end x 100}}{\text{Total assets}}$$

Number of employees = Employees are converted to annual full-time employees

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