

Copenship A/S
Central Business Registration No
33067925

Annual report 2013

The Annual General Meeting adopted the annual report on 28.04.2014

Chairman of the General Meeting



Name: Peter Schaumburg-Müller

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Entity details

Company

Copenship A/S
Håbets Allé 26 B
2700 Brønshøj

Central Business Registration No: 33067925

Registered in: Registreret i København

Financial year: 01.01.2013 - 31.12.2013

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Board of Directors

Peter Schaumburg-Müller

Jørgen Larsen

Morten Ejvind Mortensen

Executive Board

Jørgen Larsen

Michael Irvine Fenger

Claus Finderup Grove

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Copenship A/S for the financial year 01.01.2013 - 31.12.2013.

The annual report is presented in accordance with the Danish Financial Statements Act.

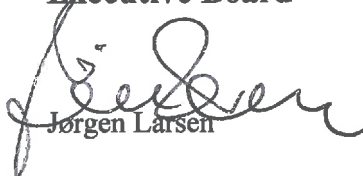
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2013 and of the results of its operations and cash flows for the financial year 01.01.2013 - 31.12.2013.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Brønshøj, 28.04.2014

Executive Board



Jørgen Larsen

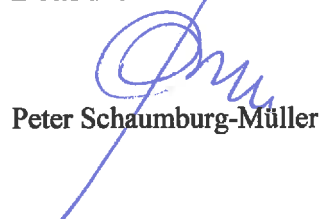


Michael Irvine Fenger



Claus Finderup Grove

Board of Directors



Peter Schaumburg-Müller



Jørgen Larsen



Morten Ejvind Mortensen

Independent auditor's reports

To the owners of Copenship A/S Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of Copenship A/S for the financial year 01.01.2013 - 31.12.2013, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Independent auditor's reports

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2013, and of the results of their operations and the Group's cash flows for the financial year 01.01.2013 - 31.12.2013 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statement.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statement.

København, 28.04.2014

Deloitte

Statsautoriseret Revisionspartnerselskab

Christian K. Jørgensen
State Authorised Public Accountant

Chris Bjørholm Dyhr
State Authorised Public Accountant

Management commentary

	2013 USD'000	2012 USD'000	2011 USD'000
Financial highlights			
Key figures			
Revenue	254.593	181.800	317.452
Gross profit/(loss)	8.909	7.361	1.169
Operating profit/(loss)	3.912	1.682	(5.196)
Net financials	(572)	(1.010)	(5.119)
Profit (loss) for the year	2.340	406	(4.196)
Total assets	38.068	23.419	29.571
Investments in property, plant and equipment	219	62	562
Equity	12.788	10.334	6.164
Cash flows from (used in) operating activities	(5.405)	(2.810)	6.800
Cash flows from (used in) investing activities	(306)	(175)	(904)
Cash flows from (used in) financing activities	0	3.592	0
Ratios			
Gross margin (%)	3,5	4,0	0,4
Net margin (%)	0,9	0,2	(1,3)
Return on equity (%)	20,2	4,9	(68,1)
Equity ratio (%)	33,6	44,1	20,8

Management commentary

Primary activities

The entity's primary object is to carry on chartering and time chartering business.

The primary object of the 90% owned subsidiaries, Copenship Bulkera A/S, Copenship Overseas A/S, Copenship Brasil Afretamentos Marítimos Ltda, Copenship Singapore Pte and Copenship Panamax (UK) Ltd, is to carry on chartering and time chartering business.

The primary object of the wholly-owned subsidiary, Copenship MPP A/S, is to carry on chartering and time chartering business.

The primary object of the wholly-owned subsidiary, Copenship Management A/S, is to carry on management activities.

The Group consists of Copenship A/S, Copenship Bulkera A/S, Copenship MPP A/S, Copenship Management A/S, Copenship Overseas A/S, Copenship Brasil Afretamentos Marítimos Ltda, Copenship Singapore Pte and Copenship Panamax Ltd.

Development in activities and finances

Net profit for the year is USD 2.3 million. EBITDA at USD 4.3 million and net profit closed as expected, and they are considered satisfactory.

Copenship Bulkera A/S produced a profit before tax of USD 1.1 million which is regarded as satisfactory.

Copenship MPP A/S realised a profit before tax of USD 3.5 million, which is satisfactory and better than expected.

In 2013, Copenship Management A/S and Copenship Properties merged into one company, Copenship Management A/S, which serves as an administration company and is the owner of properties in Copenhagen. Copenship Management A/S generated a loss before tax of USD 0.2 million consistent with expectations.

Copenship Overseas A/S, which is a holding company consisting of the subsidiaries of Copenship Brasil Afretamentos Marítimos Ltda, Copenship Singapore Pte and Copenship Panamax (UK) Ltd, realised a loss before tax of USD 0.1 million which is lower than expected.

Copenship's revenue and operating expenses are denominated in US dollars, for which reason the financial risk is associated with the administrative expenses not denominated in US dollars. These are primarily the administrative expenses incurred in Denmark, with Copenship regularly assessing whether or not to hedge the USD/DKK rate.

Copenship also makes use of hedging instruments for bunker purchases either by physical forward purchases or paper hedges through bunker swaps.

To a limited extent, Copenship Panamax (UK) Ltd. hedge some of the long-term chartered vessels on the FFA market.

Management commentary

As both bunker hedging and FFA's always are covered against physical products, there is no financial risk tied to these instruments. They are pure hedging instruments.

Outlook

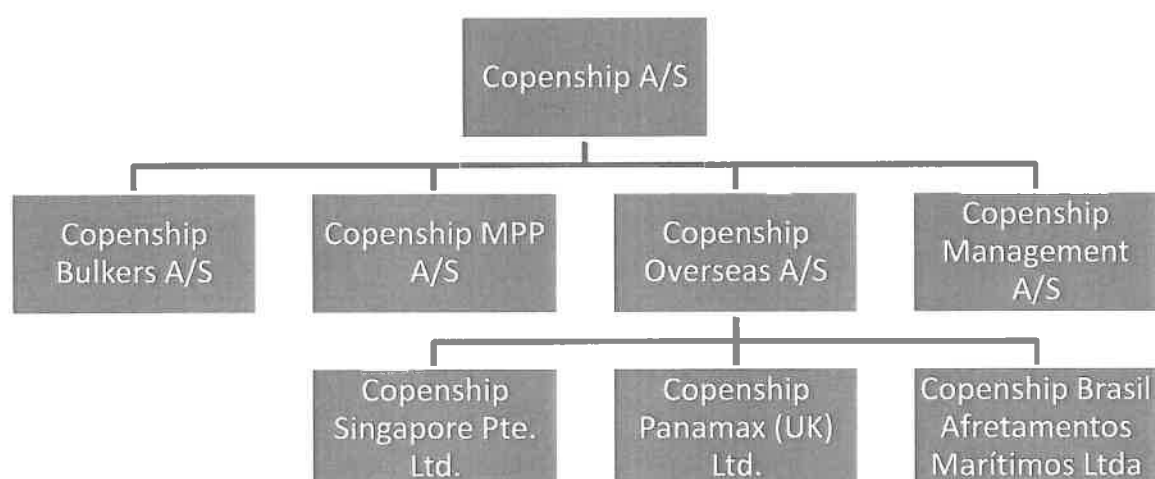
Management expects 2014 to be a year where the shipping market improves compared to prior years because of a continuing increase in the demand for cargo whereas deliveries of new vessel will reduce. This supply-demand ratio is the main key to freight rates, and Management believes that the years from 2014 to 2017 will be profitable.

Even that the first quarter of 2014 has been disappointing, Management believe that the consolidated result for 2014 will at the same level as 2013.

Events after the balance sheet date

The first couple of months of 2014 proved quite challenging as the expected increase in freight rates has not yet materialized. Therefore losses were generated and there has been pressure on the liquidity in Q1 2014. The management expects that the market will improve in Q2 2014 and as written in the Outlook that the result in 2014 will be at the same level as 2013

Group Chart



Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (big).

The accounting policies applied for this consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

From 2011, the Group has decided to present its annual report in USD which is the Group's functional currency.

The functional currency is the currency used in the primary financial environment in which the Group operates.

On initial recognition, other currency transactions than USD are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date.

Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity..

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses

Accounting policies

Income statement

Revenue

Results of a voyage in cases of rechartering or time chartering in process at the balance sheet date are accrued relative to the duration of the voyage before and after the balance sheet date.

Commission is taken to income in the financial year in which the chartered vessel takes in cargo. Commission calculated based on hire is accrued relative to the duration of the voyage before and after the balance sheet date.

Income from sale of goods and services is recognised in the income statement at the invoice date.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc..

Staff costs

Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc for the Company's staff..

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses..

Other financial income

These items comprise interest income, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, amortisation premium or allowance on mortgage debt etc as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Accounting policies

Other financial expenses

These items comprise interest expenses, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, amortisation premium or allowance on mortgage debt etc as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Other intangible assets comprise acquired intellectual property rights..

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of other intangible assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to amortisation and impairment losses, or under other operating income if the selling price exceeds original cost.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale.

Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Inventories

Inventories primarily consist of oil stock on board the vessels. Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated losses on voyages in progress and claims etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a voyage in progress, a provision is made for the total loss estimated to result from the relevant voyage.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Accounting policies

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases..

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, inception of finance leases, installments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

Consolidated income statement for 2013

	<u>Notes</u>	<u>2013 USD</u>	<u>2012 USD'000</u>
Revenue		254.593.253	181.800
Costs of raw materials and consumables		(241.720.980)	(171.008)
Other external expenses	3	<u>(3.962.876)</u>	<u>(3.431)</u>
Gross profit/(loss)		8.909.397	7.361
Staff costs	1	(4.631.051)	(5.351)
Depreciation, amortisation and impairment losses	2	<u>(365.870)</u>	<u>(328)</u>
Operating profit/(loss)		3.912.476	1.682
Income from investments in associates		0	48
Other financial income	4	165.074	177
Other financial expenses	5	<u>(736.737)</u>	<u>(1.235)</u>
Profit/(loss) from ordinary activities before tax		3.340.813	672
Tax on profit or loss from ordinary activities	6	<u>(928.402)</u>	<u>(275)</u>
Consolidated profit/(loss)		2.412.411	397
Minority interests' share of profit/(loss)		<u>(72.432)</u>	<u>9</u>
Profit (loss) for the year		2.339.979	406
Proposed distribution of profit or loss			
Retained earnings		<u>2.339.979</u>	<u>406</u>
		2.339.979	406

Consolidated balance sheet at 31.12.2013

	<u>Notes</u>	<u>2013 USD</u>	<u>2012 USD'000</u>
Acquired licences		188.436	279
Goodwill		236.154	249
Intangible assets	7	424.590	528
Land and buildings		2.858.292	2.825
Other fixtures and fittings, tools and equipment		512.672	358
Leasehold improvements		5.954	0
Property, plant and equipment	8	3.376.918	3.183
Receivables from group enterprises		0	4
Other receivables		800.000	0
Deferred tax	10	2.097.503	3.092
Fixed asset investments	9	2.897.503	3.096
Fixed assets		6.699.011	6.807
Raw materials and consumables		10.638.684	4.008
Inventories		10.638.684	4.008
Trade receivables		11.306.614	4.604
Other short-term receivables	11	2.200.867	966
Prepayments	12	5.373.752	3.671
Receivables		18.881.233	9.241
Cash		1.849.118	3.363
Current assets		31.369.035	16.612
Assets		38.068.046	23.419

Consolidated balance sheet at 31.12.2013

	<u>Notes</u>	<u>2013 USD</u>	<u>2012 USD'000</u>
Contributed capital		117.940	118
Share premium		0	3.570
Retained earnings		12.670.311	6.646
Equity		12.788.251	10.334
 Minority interests	13	 (442.163)	 (477)
Other provisions	14	297.577	1.968
Provisions		297.577	1.968
 Other credit institutions		 387.976	 371
Non-current liabilities other than provisions		387.976	371
 Bank loans		 4.198.022	 0
Trade payables		14.815.939	9.308
Income tax payable		323.590	0
Other payables		4.141.102	1.153
Deferred income	15	1.557.752	762
Current liabilities other than provisions		25.036.405	11.223
 Liabilities other than provisions		 25.424.381	 11.594
 Equity and liabilities		 38.068.046	 23.419
 Unrecognised rental and lease commitments	17		
Mortgages and securities	18		

Consolidated statement of changes in equity for 2013

	Contributed capital USD	Share pre- mium USD	Retained earnings USD	Total USD
Equity beginning of year	117.940	3.570.064	6.646.018	10.334.022
Transferred from share premium	0	0	3.570.064	3.570.064
Exchange rate adjustments	0	0	114.250	114.250
Transfer to reserves	0	(3.570.064)	0	(3.570.064)
Profit/loss for the year	0	0	2.339.979	2.339.979
Equity end of year	117.940	0	12.670.311	12.788.251

Consolidated cash flow statement for 2013

	<u>Notes</u>	<u>2013 USD</u>	<u>2012 USD'000</u>
Operating profit/(loss)		3.912.476	1.681
Amortisation, depreciation and impairment losses		365.870	328
Other provisions		(2.240.415)	(28)
Working capital changes	16	<u>(7.009.517)</u>	<u>(3.734)</u>
Cash flow from ordinary operating activities		(4.971.586)	(1.753)
Financial income received		1	218
Financial income paid		<u>(433.475)</u>	<u>(1.275)</u>
Cash flows from operating activities		<u>(5.405.060)</u>	<u>(2.810)</u>
Acquisition etc of intangible assets		(90.772)	(9)
Acquisition etc of property, plant and equipment		(219.184)	(62)
Sale of property, plant and equipment		0	298
Acquisition of fixed asset investments		0	(510)
Sale of fixed asset investments		3.554	49
Dividends received		<u>0</u>	<u>59</u>
Cash flows from investing activities		<u>(306.402)</u>	<u>(175)</u>
Cash increase of capital		<u>0</u>	<u>3.592</u>
Cash flows from financing activities		<u>0</u>	<u>3.592</u>
Increase/decrease in cash and cash equivalents		(5.711.462)	607
Cash and cash equivalents beginning of year		3.362.558	2.597
Currency translation adjustments of cash and cash equivalents		<u>0</u>	<u>159</u>
Cash and cash equivalents end of year		<u>(2.348.904)</u>	<u>3.363</u>
Cash and cash equivalents at year-end are composed of:			
Cash		1.849.118	3.363
Short-term debt to banks		<u>(4.198.022)</u>	<u>0</u>
Cash and cash equivalents end of year		<u>(2.348.904)</u>	<u>3.363</u>

Notes to consolidated financial statements

	2013 USD	2012 USD'000
1. Staff costs		
Wages and salaries	4.261.133	4.923
Pension costs	408.528	404
Other social security costs	(38.610)	24
	4.631.051	5.351
 Average number of employees	 38	 40
	 Remuneration of management 2013 USD	 Remuneration of management 2012 USD
Total amount for management categories	915.188	679
	915.188	679
	 2013 USD	 2012 USD'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	198.858	177
Depreciation of property, plant and equipment	161.726	240
Profit or loss from sale of intangible assets and property, plant and equipment	5.286	(89)
	365.870	328
	 2013 USD	 2012 USD'000
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	77.423	77
Other assurance engagements	6.855	12
Tax services	10.684	17
Other services	56.536	88
	151.498	194

Notes to consolidated financial statements

	2013 USD	2012 USD'000
4. Other financial income		
Interest income	1	0
Exchange rate adjustments	165.073	177
	165.074	177
	2013 USD	2012 USD'000
5. Other financial expenses		
Interest expenses	252.400	284
Exchange rate adjustments	152.762	0
Fair value adjustments	264.464	951
Other financial expenses	67.111	0
	736.737	1.235
	2013 USD	2012 USD'000
6. Tax on ordinary profit or loss for the year		
Tax on current year taxable income	996.530	0
Change in deferred tax for the year	193.065	275
Adjustment concerning previous years	(261.193)	0
	928.402	275
	Acquired licences USD	Goodwill USD
7. Intangible assets		
Cost beginning of year	513.747	256.457
Exchange rate adjustments	31.457	0
Additions	90.772	0
Cost end of year	635.976	256.457
Amortisation and impairment losses beginning of year	(235.716)	(7.480)
Exchange rate adjustments	(25.789)	0
Amortisation for the year	(186.035)	(12.823)
Amortisation and impairment losses end of year	(447.540)	(20.303)
Carrying amount end of year	188.436	236.154

Notes to consolidated financial statements

	Land and buildings USD	Other fix- tures and fittings, tools and equipment USD	Leasehold improve- ments USD
8. Property, plant and equipment			
Cost beginning of year	3.059.993	538.459	22.034
Exchange rate adjustments	130.220	10.103	0
Additions	3.852	215.332	0
Disposals	0	(126)	0
Cost end of year	3.194.065	763.768	22.034
Depreciation and impairment losses beginning of the year	(234.906)	(186.894)	(11.099)
Exchange rate adjustments	(5.209)	(956)	0
Impairment losses for the year	0	(2.186)	0
Depreciation for the year	(95.658)	(61.087)	(4.981)
Reversal regarding disposals	0	27	0
Depreciation and impairment losses end of the year	(335.773)	(251.096)	(16.080)
Carrying amount end of year	2.858.292	512.672	5.954

9. Fixed asset investments

Item consist of receivables claims and deferred tax assets.

	2013 USD	2012 USD'000
10. Deferred tax		
Property, plant and equipment	(107.934)	(128)
Provisions	14.231	31
Tax losses carried forward	2.191.206	3.189
	2.097.503	3.092

	2013 USD	2012 USD'000
11. Other short-term receivables		
Other receivables	2.200.867	966
	2.200.867	966

12. Prepayments

Accrued results of voyages in progress.

Notes to consolidated financial statements

13. Minority interests

Minority interest consist of 10% shares Copenship Bulkers A/S and Copenship Overeas A/S.

14. Other provisions

The item consists of provisions for claims 2013: 240.655 USD, 2012: 1.788 USD'000 and Provisions for losses on voyages in progress 2013: 56.922 USD, 2012: 180 USD'000.

15. Short-term deferred income

Accrued results of voyages in progress.

	2013 USD	2012 USD'000
16. Change in working capital		
Increase/decrease in inventories	(6.630.655)	(176)
Increase/decrease in receivables	(9.604.437)	6.480
Increase/decrease in trade payables etc	9.225.575	(10.038)
	<u>(7.009.517)</u>	<u>(3.734)</u>
	2013 USD	2012 USD
17. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>38.929.786</u>	<u>30.888</u>

18. Mortgages and securities

The Group has provided a company charge of USD 8.7m nominal as security for bank debt.

The company charge covers unsecured claims relating to sale of goods and service, goodwill, domain names and rights.

Group companies are jointly and severally guaranteed bunker payments to O.W. Bunker & Trading A/S.

A letter of indemnity and a mortgage deed registered to the mortgagor on properties in the nominal amount of USD 0.5m have been provided as security for bank debt.

Carrying amount of group mortgaged properties USD 2.8m.

Parent income statement for 2013

	Notes	2013 USD	2012 USD'000
Other external expenses		(14.183)	(35)
Operating profit/(loss)		(14.183)	(35)
Income from investments in group enterprises		1.976.260	439
Income from investments in associates		0	11
Other financial income	1	152.762	81
Other financial expenses	2	(1.877)	(104)
Profit/(loss) from ordinary activities before tax		2.112.962	392
Tax on profit or loss from ordinary activities	3	227.017	14
Profit (loss) for the year		2.339.979	406
Proposed distribution of profit or loss			
Retained earnings		2.339.979	406
		2.339.979	406

Parent balance sheet at 31.12.2013

	<u>Notes</u>	<u>2013 USD</u>	<u>2012 USD'000</u>
Investments in group enterprises		3.754.119	1.645
Investments in associates		0	3
Deferred tax	5	0	15
Fixed asset investments	4	<u>3.754.119</u>	<u>1.663</u>
Fixed assets		<u>3.754.119</u>	<u>1.663</u>
Receivables from group enterprises		9.139.130	14.159
Income tax receivable		289.414	0
Receivables		<u>9.428.544</u>	<u>14.159</u>
Cash		<u>3.527</u>	<u>26</u>
Current assets		<u>9.432.071</u>	<u>14.185</u>
Assets		<u>13.186.190</u>	<u>15.848</u>

Parent balance sheet at 31.12.2013

	<u>Notes</u>	<u>2013 USD</u>	<u>2012 USD'000</u>
Contributed capital		117.940	118
Retained earnings		12.670.311	10.217
Equity		12.788.251	10.335
Debt to group enterprises		61.377	5.501
Income tax payable		323.590	0
Other payables		12.972	12
Current liabilities other than provisions		397.939	5.513
Liabilities other than provisions		397.939	5.513
Equity and liabilities		13.186.190	15.848
Mortgages and securities	6		
Related parties with control	7		
Ownership	8		

Parent statement of changes in equity for 2013

	Contributed capital USD	Retained earnings USD	Total USD
Equity beginning of year	117.940	10.216.081	10.334.021
Exchange rate adjustments	0	114.251	114.251
Profit (loss) for the year	0	2.339.979	2.339.979
Equity end of year	117.940	12.670.311	12.788.251

Notes to parent financial statements

	2013 USD	2012 USD'000
1. Other financial income		
Exchange rate adjustments	152.762	55
Fair value adjustments	0	26
	<u>152.762</u>	<u>81</u>
2. Other financial expenses		
Interest expenses	1.877	104
	<u>1.877</u>	<u>104</u>
3. Tax on ordinary profit or loss for the year		
Tax on current year taxable income	34.176	0
Change in deferred tax for the year	0	(14)
Adjustment concerning previous years	(261.193)	0
	<u>(227.017)</u>	<u>(14)</u>
4. Fixed asset investments		
Cost beginning of year		12.677.575
Cost end of year		<u>12.677.575</u>
Impairment losses beginning of year		(11.033.665)
Exchange rate adjustments		119.716
Amortisation of goodwill		(12.823)
Share of profit/(loss) for the year		1.932.537
Other adjustments		19.699
Impairment losses end of year		<u>(8.974.536)</u>
Carrying amount end of year		<u>3.703.039</u>

Notes to parent financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity interest %</u>	<u>Equity USD</u>	<u>Profit or loss USD</u>
Investments in associa- tes comprise:					
Copenship Bulkera A/S	Copenhagen	A/S	90,0	(1.519.824)	790.550
Copenship MPP A/S	Copenhagen	A/S	100,0	5.597.018	2.644.958
Copehship Management A/S	Copenhagen	A/S	100,0	2.713.219	(145.478)
Copenship Overseas A/S	Copenhagen	A/S	90,0	(2.901.808)	(66.231)

5. Deferred tax

Tax losses carried forward

<u>2013 USD</u>	<u>2012 USD'000</u>
<u>0</u>	<u>15</u>
<u>0</u>	<u>15</u>

6. Mortgages and securities

The Company is included in a Danish joint taxation with Copenship A/S as the management company. Therefore and in accordance with the rules hereon in the Danish Corporation Tax Act, the Company is jointly and severally liable for income taxes as of the financial year 2013. The company is also severally liable with the jointly taxed companies as of 1 July 2012 for any liability to withhold tax at source including interest, royalties and dividends.

The Company has provided a guarantee for the group enterprises' debt to Sydbank.

The limit of the guarantee is DKK 25m, equal to USD 4.42m.

The Parent has submitted a letter of support to Copenship Bulkera A/S, Copenship Overseas A/S, Copenship Panamax (UK) Ltd. and Copenship Singapore Pte. Ltd. The Parent will make sure to provide liquid funds in the form of equity or borrowed capital by granting a money loan which fall due for payment on 1 May 2015 at the earliest.

Notes to parent financial statements

7. Related parties with control

Related parties with a controlling interest

None of the Company's related parties have a controlling interest.

Transactions between related parties and Copenship A/S in 2013:

No transactions with related parties

Remuneration etc to Management is disclosed separately in note 1 to consolidated financial statements, Staff costs..

8. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

MIFCO SHIPPING ApS, Brønshøj

SHIPPING AND TRADING ApS, Brønshøj

Hena Holding ApS, Brønshøj

NN Shipping and Investment Limited, Cyprus