Uni-Chartering A/S

Turbinevej 10, DK-5500 Middelfart

Annual Report for
1 May 2023 - 30 April 2024

CVR No. 31 58 78 67

The Annual Report was presented and adopted at the Annual General Meeting of the company on 12/7 2024

Thomas Thomsen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Uni-Chartering A/S for the financial year 1 May 2023 - 30 April 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 April 2024 of the Company and of the results of the Company operations for 2023/24.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Middelfart, 12 July 2024

Executive Board

Per Frithiof Ekmann
CEO

Board of Directors

Thomas Thomsen Chairman	Per Frithiof Ekmann	Maria Louise Appel Jørgensen

Independent Auditor's report

To the shareholder of Uni-Chartering A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 April 2024 and of the results of the Company´s operations for the financial year 1 May 2023 - 30 April 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Uni-Chartering A/S for the financial year 1 May 2023 - 30 April 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

- 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, 12 July 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Forthoft Lind

State Authorised Public Accountant

mne34169

Company information

The Company	Uni-Chartering A/S Turbinevej 10 5500 Middelfart CVR No: 31 58 78 67 Financial period: 1 May 2023 - 30 April 2024 Municipality of reg. office: Middelfart
Board of Directors	Thomas Thomsen, chairman Per Frithiof Ekmann Maria Louise Appel Jørgensen
Executive Board	Per Frithiof Ekmann
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023/24	2022/23	2021/22	2020/21	2019/20
	TUSD	TUSD	TUSD	TUSD	TUSD
Key figures					
Profit/loss					
Revenue	221,843	254,434	134,262	114,993	108,825
Gross profit	38,105	58,836	5,500	-1,055	2,534
Profit/loss of primary operations	38,105	58,836	3,507	-2,463	1,530
Profit/loss of financial income and expenses	4,484	1,391	-136	213	-135
Net profit/loss for the year	41,608	59,794	3,342	-2,314	1,357
Balance sheet					
Balance sheet total	134,903	84,232	22,642	18,566	14,687
Equity	112,353	71,283	11,775	8,377	9,561
Ratios					
Gross margin	17.2%	23.1%	4.1%	-0.9%	2.3%
Return on assets	28.2%	69.8%	15.5%	-13.3%	10.4%
Solvency ratio	83.3%	84.6%	52.0%	45.1%	65.1%
Return on equity	45.3%	144.0%	33.2%	-25.8%	28.4%

Management's review

Key Activities

The Company's main activities comprise operating a fleet of time-chartered vessels.

FINANCIAL HIGHLIGHTS

Development in the year

The income statement of the Company for 2023/24 shows a profit of USD 41,6 million, and at 30 April 2024 the balance sheet of the Company shows a positive equity of USD 112,3 million.

During the 2023/24 financial year, the chemical tanker shipping market demonstrated robustness despite the ongoing challenges in the geopolitical environment – an environment which underscored the importance of sharp business acumen. Thanks to a strategic framework designed for rapid adaptation to market fluctuations, Uni-Chartering not only met these challenges but also excelled and delivered strong financial results.

In this period, Uni-Chartering decreased its revenue by 14,7%, and notably achieved a net profit of USD 41.6 million. This was accomplished in the face of limited tonnage availability, increased time-charter costs, making the results particularly commendable.
A new bank agreement was established and remains effective until 2032. Executive Management considers the current capital resources and liquidity adequate for the continued operation and further development of Uni-Chartering.

These financial successes, combined with our continued commitment to ambitious initiatives, have left Uni-Chartering in a strong position as we enter the 2024/25 financial year. It is essential to acknowledge that none of this would have been possible without the outstanding performance of our dedicated employees.

Strategy

All significant decisions and daily operations at Uni-Chartering are guided by the corporate strategy of the Uni-Tankers Group, Stronger Together. This guiding principle not only charts our course for growth but also ensures that we effectively capitalize on market opportunities. The financial successes of this past year underscore the strength of our strategic direction, affirming that our decisions benefit both market conditions and our stakeholders comprehensively.

During the 2023/24 financial year, our strategic initiatives were driven by insights gathered from extensive analyses in the previous period. One significant development was the opening of a new office in Spain - a strategic move to broaden our market presence in core trading areas.

Globally, we ventured into new trade lanes and enhanced our footprint, illustrated by our long-term contracts to deliver renewable energy.

To further enhance our strategic decision-making, we adopted a new AI-enhanced market forecasting model. This tool is designed to predict future market trends and identify emerging opportunities, ensuring we remain ahead of industry curves.

A pivotal initiative this year was the establishment of a temporary office in Dubai. This "pop-up" office served as a strategic hub for exploring new market opportunities and strengthening the cooperation within the USTC Group network. It significantly enhanced our service promotion and operational flexibility, demonstrating our ability to swiftly adapt to new business environments.

Internally, we continued to foster a culture of collaboration and professional growth. Our cross-company mentorship program and enhanced communication strategies, especially among C-suite executives via a tailored executive leadership program at the Harvard Business School, helped strengthen our strategic alignment and leadership development.

In terms of technology and security, we improved our IT infrastructure, transitioning to cloud-based services and improving onboard connectivity for our crews. Cybersecurity was also a major focus area, with new initiatives such as the creation of a dedicated cybersecurity specialist role and alignment with the EU's NIS2 Directive, ensuring that we stay at the forefront of digital security.

Management's review

The "Stronger Together" strategy is dynamic and continuously refined, allowing us to adapt to changing market conditions effectively.

Fleet management

Acquiring new time-chartered vessels has been challenging due to high market demand. Nevertheless, we increased our time-chartered (TC) fleet from 14 vessels and a total DWT of 138,928 in August 2023 to 25 vessels and 308,636 DWT by the end of the financial year. This expansion of our TC fleet includes an increase in vessels with stainless-steel tanks, which are increasingly preferred by our customers, as well as larger vessels up to 20,000 DWT.

To support our expansion, we are proactive in engaging with new tonnage providers, particularly in Asia. These relationships are vital as we strive to meet the growing demand for our services and continue our commitment to secure more modern tonnage.

Outlook for 2024/25 and follow-up on expectations for 2023/24

Predicting financial outcomes inherently carries uncertainty as evident from this financial year's results. In the 2022/23 report, we predicted a profit of EBT USD 10-20 million against the actual result of EBT USD 41.6 million caused by a strong market, more revenue days, and increased effects from commercial activities as anchored in our strategy, "Stronger Together".

In the 2024/25 financial year, factors such as the ongoing conflict in Ukraine and security concerns in the Red Sea pose potential challenges to Uni-Chartering's operations.

Despite these uncertainties, we anticipate that continued strong demand for tonnage in our segments will outpace supply, largely due to a sustained underinvestment in newbuildings.

Based on these dynamics and the strategic initiatives we are implementing, management projects a profitable year ahead, with an expected EBT ranging from USD 25 to 30 million.

Statement on corporate social responsibility, in accordance with section 99a of the Danish financial statements act

For information on corporate social responsibility, please refer to the consolidated statement on corporate social responsibility of the Uni-Tankers Group (CVR No. 12 56 07 96) available on the Group's website (https://uni-tankers.com/wp-content/uploads/2024/07/ESG-Report_2023-24.pdff). The company does not prepare an individual statement on corporate social responsibility.

Statement on Gender Composition, in accordance with Section 99b of the Danish Financial Statements Act

PEOPLE

As for gender parity on our Board of Directors itself (defined by Danish Business Authority as Top Management), we continued to meet our target of 33.3% women serving on the Board in 2023/24*. With 1 member of 3, we thus maintained an equal gender distribution as defined by the Danish Business Authority.

Other management levels	
Total number of members	0
Underrepresented gender in %	%
Target figure in %	N/A**
Year for reaching the target figure	N/A**

*Uni-Chartering A/S has achieved an equal gender distribution in the top management body, and therefore has no obligation to set targets for the top management body.

Management's review

**With reference to section 139 c, subsection 7 of the Danish Companies Act, Uni-Chartering A/S employs less than 50 employees and therefore has no obligation to report further disclosures.

Statement on Data Ethics, in accordance with Section 99d of the Danish Financial Statements Act

The company refers to Uni-Tankers' policy on data ethics. The policy provides a detailed description of the data ethics introduced in the Uni-Tankers Group (CVR No. 12 56 07 96). See the consolidated statement on corporate social responsibility on the Group's website (https://uni-tankers.com/wp-content/uploads/2024/07/ESG-Report_2023-24.pdf).

Uncertainty in Recognition and Measurement

There has been no uncertainty in recognition and measurement in this annual report.

Risk management

Market risks

Uni-Chartering is exposed to the commercial risks that follow from general freight market fluctuations. The focus is on maintaining a healthy balance between spot market business and covered business via contracts of affreightment (CoA), time charters, etc.

The fleet in Uni-Chartering consists of 25 vessels under time charter.

Because the time-charter hire is fixed over the charter period, Uni-Chartering is exposed to the commercial risk of a falling market as well as other commercial risks. Policy is to mitigate such risks by balancing short-term, medium-term, and long-term charter hire periods.

Foreign exchange risks

Uni-Chartering uses the US dollar as functional currency in its Financial Statements. This means that Uni-Chartering is affected by transactions that take place mainly in EUR and DKK. The Company strives to match cash inflows and cash outflows in currencies other than USD.

Commodity risks

In addition to time-charter expenses, bunker fuel is the main cost element affecting Direct Expenses, and thus the Company is heavily exposed to changes in oil prices.

The Company aims to mitigate such risks by passing on bunker price increases to customers. In the spot market, the freight level is adjusted to reflect the current bunker price level, to the extent possible. When entering into Contracts of Affreightment with customers, the bunker price risk is covered either by including bunker price clauses, indexing freight rates with current bunker price levels, or by hedging the exposure by use of financial derivatives.

Counterparty risk

The Company is not exposed to any material risks relating to individual large customers or business partners. The Company’s policy for assuming credit risks implies that all customers and business partners are subject to a current credit rating.

The Company’s policy is to require payment before or upon cargo release. Payment after cargo release is only accepted for customers with a high credit rating and with whom the Uni-Tankers Group has a long-lasting good business relationship.

The Company has not suffered any material losses from defaulting customers in 2023/24.

Management's review

Unusual Circumstances

The company's assets, liabilities, and financial position as of 30 April 2024 as well as the result of the company's activities and cash flows for 2023/24 have not been affected by unusual circumstances.

Subsequent events

There have not been any significant events affecting the assessments presented in the annual report since the date on which the balance sheet was prepared.

Income statement 1 May 2023 - 30 April 2024

	Note	2023/24	2022/23
		TUSD	TUSD
Revenue	1	221,843	254,434
Direct expenses		-180,570	-191,524
Other external expenses		-3,168	-4,074
Gross profit		**38,105**	**58,836**
Financial income	3	4,540	1,391
Financial expenses		-56	0
Profit/loss before tax		**42,589**	**60,227**
Tax on profit/loss for the year	4	-981	-433
Net profit/loss for the year	5	**41,608**	**59,794**

Balance sheet 30 April 2024

Assets

	Note	2023/24	2022/23
		TUSD	TUSD
Raw materials and consumables		4,631	3,118
Inventories		**4,631**	**3,118**
Trade receivables		3,279	80
Receivables from group enterprises		119,112	71,319
Other receivables		40	168
Corporation tax		0	237
Prepayments	6	6,131	4,382
Receivables		**128,562**	**76,186**
Cash at bank and in hand		**1,710**	**4,928**
Current assets		**134,903**	**84,232**
Assets		**134,903**	**84,232**

Balance sheet 30 April 2024

Liabilities and equity

	Note	2023/24	2022/23
		TUSD	TUSD
Share capital		888	888
Reserve for hedging transactions		1,002	901
Retained earnings		110,463	69,494
Equity		**112,353**	**71,283**
Trade payables		8,176	7,714
Payables to group enterprises		2,542	1,836
Corporation tax		1,388	0
Other payables		732	287
Deferred income	7	9,712	3,112
Short-term debt		**22,550**	**12,949**
Debt		**22,550**	**12,949**
Liabilities and equity		**134,903**	**84,232**

	Note
Staff	2
Contingent assets, liabilities and other financial obligations	8
Related parties	9
Fee to auditors appointed at the general meeting	10
Subsequent events	11
Accounting Policies	12

Statement of changes in equity

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	TUSD	TUSD	TUSD	TUSD
Equity at 1 May	888	901	69,494	71,283
Exchange adjustments	0	101	0	101
Extraordinary dividend paid	0	0	-639	-639
Net profit/loss for the year	0	0	41,608	41,608
Equity at 30 April	**888**	**1,002**	**110,463**	**112,353**

Notes to the Financial Statements

	2023/24	2022/23
	TUSD	TUSD
1. Revenue		
Geographical segments		
USA	26,891	47,911
Europe/Middel East	175,728	192,515
Asia	19,224	14,008
	221,843	**254,434**

The company's activity consists of the transport of oil and chemicals.

	2023/24	2022/23
2. Staff		
Average number of employees	0	0

	2023/24	2022/23
	TUSD	TUSD
3. Financial income		
Interest received from group enterprises	4,414	1,314
Other financial income	126	55
Exchange adjustments	0	22
	4,540	**1,391**

	2023/24	2022/23
	TUSD	TUSD
4. Income tax expense		
Current tax for the year	981	433
	981	**433**

	2023/24	2022/23
	TUSD	TUSD
5. Profit allocation		
Extraordinary dividend paid	639	0
Retained earnings	40,969	59,794
	41,608	**59,794**

6. Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

7. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	2023/24	2022/23
	TUSD	TUSD
8. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations, period of non-terminability within 12 months	60,987	55,696
Lease obligations, period of non-terminability between 1 and 5 years	262,975	117,516
Lease obligations, period of non-terminability after 5 years	75,092	9,751

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of SelfGenerations T ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

9. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest Controlling interest is exercised through the Company's immediate Parent Company, Uni-Tankers A/S. The Company's ultimate Parent Company which prepares Consolidated Financial Statements is SelfGenerations T ApS, in which Torben Østergaard-Nielsen (Middelfart), CEO, Turbinevej 10 5500 Middelfart exercises control.	

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
SelfGenerations T ApS	Middelfart
Uni-Tankers A/S	Middelfart

10. Fee to auditors appointed at the general meeting

In accordance with ÅRL §96,3, the Company have not shown the auditor's fee.

11. Subsequent events

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

Notes to the Financial Statements

12. Accounting policies

The Annual Report of Uni-Chartering A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023/24 have been presented in USD. The exchange rate for USD/DKK at 30 April 2023 is 678,79 and at 30 April 2024 695,87.

Cash flow statement

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

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

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

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

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

Translation policies

USD is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

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

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Derivative financial instruments

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

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

Hedge accounting

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

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

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

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.

Direct expenses

Direct expenses include expenses for the purchase of fuel for ships.

Notes to the Financial Statements

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Financial income and expenses

Financial income and expenses comprise interest as well as realised and unrealised exchange gains.

Tax on profit/loss for the year

The Company's current tax is computed according to the provisions of the Danish Tonnage Tax Act. On the basis of the Company's planned shipowning operations, the Tonnage Tax Scheme does not imply recapture of depreciation, and therefore deferred tax is only disclosed in the notes.
Tax for the year consists of current tax for the year and changes in 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 Company is jointly taxed with SelfGenerations T ApS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Inventories

Inventories are mainly stocks of bunker and lubricating oil for own use.

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.

Prepayments

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

Equity

Dividend

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

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 other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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.

Notes to the Financial Statements

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 adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity