

**Norden Petroleum K/S  
Nybrogade 18  
1203 Copenhagen**

**THE ANNUAL REPORT  
The year 2013**

**CVR-nr: 32 77 19 71**

Approved at the annual General Meeting of the Company on   1   2014

  
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Chairman of the meeting

The English part of this document is an unofficial translation of the original Danish text. In case of discrepancies, the Danish version shall apply.

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## COMPANY INFORMATION

<b>The Company</b>	Norden Petroleum K/S Nybrogade 18 1203 Copenhagen K
	Financial year: 1. januar - 31. december
<b>Executive board</b>	Arunas Masenas
<b>Ownership</b>	According to the Danish Financial Statements Act, the following shareholders disclosed  Danlex Impex Limited 1 st. Apriliou 52 Athienou P.O. 7600 Larnaca Cyprus
<b>Accountant</b>	Kvist Revision  Godkendt Revisionsanpartsselskab Center Boulevard 5 2300 Copenhagen S

## MANAGEMENT'S STATEMENT

Today the Executive Board has discussed and approved the Annual Report of Norden Petroleum K/S for the period 1. januar - 31. december 2013.

The Annual Report has been prepared in conformity with the Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Company's assets, equity, liabilities and financial position at 31. december 2013 and of its financial performance for the period 1. januar - 31. december 2013.

In my opinion the Management commentary includes a fair review of the matters described.

We recommend that the Annual Report be approved by the Annual General Meeting.

Copenhagen / 2014

Arunas Masenas



## INDEPENDENT AUDITOR'S REPORTS AND STATEMENTS

### To the shareholders of Norden Petroleum K/S

We have audited the financial statements of Norden Petroleum K/S for the period 1. januar - 31. december 2013, including accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements have been prepared in conformity with the Danish Financial Statements Act.

#### **Management's responsibility for the financial statements**

The Company's Management is responsible for the preparation and fair presentation of financial statements in conformity with the Danish Financial Statements Act. Management is also responsible for the internal control that it deems necessary for the preparation of 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 financial statements based on our audit. We have performed the audit in accordance with international auditing standards and additional requirements under Danish audit regulations. That requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence of the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates made by Management as well as evaluating the overall presentation of the financial statements.

Our responsibility is to express an opinion on the financial statements based on our audit. We have performed the audit in accordance with international auditing standards and additional requirements under Danish audit regulations. Because of the matters described in the Basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion.

#### **Basis for disclaimer of conclusion**

We have not been able to review the completeness and accruals of the company's sale and cost of sale. Therefore we have a qualification regarding the completeness and accruals of these. Further we qualify our opinion regarding the prepayments and accrued income and accrued and deferred income as we have not been able to obtain any audit evidence

#### **Disclaimer of conclusion**

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion. We therefore express no opinion on the financial statements.

In our opinion, the Annual General Meeting should not approve the Annual Report.

#### **Other matters**

The Company has not complied with the requirement of the Danish Bookkeeping Act that proper accounting books must be kept in conformity with good bookkeeping practices, taking into consideration the nature and scope of the Company. The Company's Management may incur liability for non-compliance with the bookkeeping legislation.

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## INDEPENDENT AUDITOR'S REPORTS AND STATEMENTS

### **Statement on Management commentary**

As required by the Danish Financial Statements Act, we have read the Management commentary. We have carried out no procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information given in the Management commentary is consistent with the financial statements.

Copenhagen, / 2014

Carsten Kvist Jensen  
Registered Public Accountant  
Member of FSR – Danish Auditors

Niels Fisker-Andersen  
Registered Public Accountant  
Member of FSR – Danish Auditors

## FINANCIAL HIGHLIGHTS AND -RATIOS

	2013 USD	2012 USD
<b>FINANCIAL AND OPERATING DATA</b>		
Profit or loss from ordinary activities .....	748.740	94.775
Financial income and expenses, net .....	-13.044	-14.378
Profit or loss for the year .....	735.696	80.397
Balance sheet total .....	7.066.314	46.171.644
Equity .....	973.745	238.047

### FINANCIAL RATIOS IN PERCENTAGES

Gross margin ratio	1,1	0,7
Profit margin	0,4	0,1
Solvency ratio	13,7	1,3
Return on equity	121,4	118,3

## MANAGEMENT COMMENTARY

### **Main activity of the enterprise**

As in previous years, the main activity of the partnership has been trade and other activities which the Board of Management of the limited partnership may decide upon.

### **The development in activities and financial position of the enterprise**

During the financial period, the activities of the partnership have developed satisfactorily and the expectations to the financial development have been fulfilled.

Moreover, the development has generated a satisfactory contribution margin and satisfactory annual results.

### **Important events after the balance sheet date**

No important events have occurred since the end of the financial year which could influence the financial position of the company significantly.

### **Expected development, including special assumptions and elements of uncertainty**

The positive results during the financial year are expected to continue in the next financial periods.

### **Special business and financial risks**

The partnership is a commercial business and there is no business or financial risks beyond those in general business practice.

### **Impact from the external environment and preventive, reducing or remedial measures**

The partnership is a commercial business not impacted significantly by the environment aspects and as a consequence, no particular environmental measures have been taken.

### **Research and development activities**

The partnership has no research and development activities.

### **Statement of civic responsibility**

The partnership has not prepared separate policies for civic responsibility.

### **Net profit for the year compared to previously announced expectations**

The net profit for the year corresponds to the previously announced expectations to the partnership results.

## ACCOUNTING POLICIES

### GENERAL INFORMATION

The financial statements of Norden Petroleum K/S for the financial year 2013 have been prepared in conformity with the provisions of the Financial Statements Act on medium-sized class C enterprises.

With reference to section 101 of the Financial Statements Act, no key figures and financial ratios have been prepared for the parent.

The accounting policies applied in the financial statements are consistent with those of the previous year. The reporting currency is Danish kroner, and all figures are rounded to thousands.

#### Recognition and measurement in general

The financial statements have been prepared under the historical cost convention.

Income is recognised in the income statement when earned. Value adjustments of financial assets and liabilities measured at fair value or amortised cost are also recognised in the income statement. Costs incurred to generate the earnings for the year are also recognised in the income statement, including amortisation, depreciation, impairment losses and provisions as well as reversals resulting from changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future financial benefits will flow to the Company and it is possible to obtain a reliable measurement of the individual assets.

Liabilities are recognised in the balance sheet when it is probable that future financial benefits will flow from the Company and it is possible to obtain a reliable measurement of the individual liabilities.

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

Anticipated losses and risks arising before the presentation of the financial statements and confirming or disconfirming facts and circumstances known at the reporting date are taken into consideration at recognition and measurement.

The functional currency used is Danish kroner. All other currencies are considered foreign currencies.

### INCOME STATEMENT

#### General information

Certain income and expenses have been aggregated in the item designated 'Gross profit' with reference to section 32 of the Financial Statements Act.

#### Gross profit

Gross profit is a combination of the items of 'Revenue', 'Change in inventories of finished goods, work in progress and goods for resale', 'Other operating income', 'Cost of raw materials and consumables' and 'Other external costs'.

#### Other external expenses

Other external expenses include costs for sales, advertising, administration, premises, bad debts, rental expenses under operating leases, etc.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement based on the amounts which relate to the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses on securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and

## ACCOUNTING POLICIES

surcharges and allowances under the tax prepayment scheme. Dividends from other equity investments are recognised as income in the financial year in which the dividends are declared.

### BALANCE SHEET

#### Investments

##### Investments in subsidiaries and associates

Positive balances (goodwill) between the original cost and the fair value of assets and liabilities acquired, including provisions for restructuring costs, are recognised under investments in Group enterprises and amortised over their estimated economic lives determined on the basis of Management's experience in the relevant lines of business. The amortisation period cannot exceed 20 years, and is longest for strategically acquired enterprises with strong market positions and long-term earnings profiles. The carrying amount of goodwill is assessed for impairment on an ongoing basis and any impairment loss is recognised in the income statement if the carrying amount exceeds the expected future net income from the enterprise or activity to which the goodwill relates.

Investments in subsidiaries are recognised in the balance sheet at cost. Where the net realisable value is lower than cost, the investments are written down to this lower value.

#### Receivables

Receivables are measured at amortised cost, which normally corresponds to the nominal value. The value is reduced by an allowance for expected impairment losses.

Impairment of accounts receivable past due is established on individual assessment of receivables.

#### Prepayments

Prepayments recognised under assets include costs already defrayed but relating to the subsequent financial year.

#### Payables

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between proceeds and nominal value is recognised in the income statement over the life of the financial instrument(s).

Other payables, comprising trade payables and amounts owed to Group enterprises and associates and other accounts payable, are measured at amortised cost, which normally corresponds to the nominal value.

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, changes in cash and cash equivalents during the period and changes in its cash and cash equivalents at the beginning and end of the year.

#### Cash flow from operating activities

The cash flow relating to operating activities is determined by adjusting [profit/loss] for the year by the change in working capital and non-cash income statement items, such as amortisation, depreciation and impairment losses and provisions. Working capital is current assets less short-term payables (exclusive of items included in cash and cash equivalents).

#### Cash flow from financing activities

The cash flow relating to financing activities comprises cash flows arising from the raising and repayment of long-term payables and payments to and from shareholders.

#### Cash and cash equivalents

The cash flow statement cannot be derived directly from published accounting records.

## ACCOUNTING POLICIES

### **Explanation of financial ratios**

Gross margin ratio = (Gross profit/loss x 100)/Sales

Operating margin (EBIT margin) = (Operating profit/loss (EBIT) x 100)/Sales

Return on investment = (Operating profit/loss (EBIT) x 100)/Total assets

Equity ratio = (Equity at end of period x 100)/Total assets

Return on equity = (Profit/loss for the period x 100)/Average equity

INCOME STATEMENT  
1. JANUAR - 31. DECEMBER 2013

	2013 USD	2012 USD
<b>GROSS PROFIT .....</b>	<b>748.740</b>	<b>94.775</b>
<b>OPERATING PROFIT OR LOSS.....</b>	<b>748.740</b>	<b>94.775</b>
Other financial expenses.....	-13.044	-14.378
<b>PROFIT OR LOSS FOR THE YEAR .....</b>	<b>735.696</b>	<b>80.397</b>
 <b>PROPOSED DISTRIBUTION OF NET PROFIT</b>		
Retained earnings .....	735.696	80.397
<b>SETTLEMENT OF DISTRIBUTION TOTAL.....</b>	<b>735.696</b>	<b>80.397</b>

## BALANCE SHEET AT 31. DECEMBER 2013

## ASSETS

	2013 USD	2012 USD
Equity investments in group enterprises .....	2.001.398	2.001.398
<b>Investments</b> .....	<u>2.001.398</u>	<u>2.001.398</u>
<b>NON-CURRENT ASSETS</b> .....	<u>2.001.398</u>	<u>2.001.398</u>
Prepayments for goods .....	3.137.701	11.680.197
<b>Inventories</b> .....	<u>3.137.701</u>	<u>11.680.197</u>
Trade receivables .....	608.567	24.927.826
<b>Receivables</b> .....	<u>608.567</u>	<u>24.927.826</u>
<b>Bank</b> .....	<u>1.318.648</u>	<u>7.562.223</u>
<b>CURRENT ASSETS</b> .....	<u>5.064.916</u>	<u>44.170.246</u>
<b>ASSETS</b> .....	<u><u>7.066.314</u></u>	<u><u>46.171.644</u></u>

BALANCE SHEET AT 31. DECEMBER 2013  
EQUITY AND LIABILITIES

	2013 USD	2012 USD
Contributed capital .....	1.398	1.398
Retained earnings .....	972.347	236.649
<b>1 EQUITY .....</b>	<b>973.745</b>	<b>238.047</b>
Trade creditors .....	1.790.491	44.879.577
Other accounts payable .....	16.540	16.540
Accruals .....	4.285.538	1.037.480
<b>Short-term payables .....</b>	<b>6.092.569</b>	<b>45.933.597</b>
<b>PAYABLES .....</b>	<b>6.092.569</b>	<b>45.933.597</b>
<b>EQUITY AND LIABILITIES .....</b>	<b>7.066.314</b>	<b>46.171.644</b>
2 Contingencies, etc.		
3 Charges and securities		

NOTES

	Opening balance	Proposed distribution of net profit	Closing balance
<b>1 Equity</b>			
Contributed capital .....	1.398	0	1.398
Retained earnings .....	236.651	735.696	972.347
	<u>238.049</u>	<u>735.696</u>	<u>973.745</u>
<b>2 Contingencies, etc.</b>			
None			
<b>3 Charges and securities</b>			
None			