

ESE 2014 K/S

Kalvebod Brygge 39-41

DK 1560 Copenhagen

Cvr.no. 32 35 87 72

Annual report for the year ended 31 December 2014 (12 months) 6th financial year

Approved at the annual general meeting of shareholders,
on 2015

.....
Chairman

Contents

Company details	3
Statement by management on the annual report	4
Independent auditors' report	5
Statement on the Management's review	6
Financial highlights	7
Management's review	8
Accounting policies	9
<i>Financial statements</i>	
Income statement	11
Balance sheet	12
Consolidated statement of changes in equity	14
Cash flow statement	15
Notes	16

Company details

ESE 2014 K/S
Kalvebod Brygge 39-41
DK – 1560 Copenhagen

www.evergas.net

Supervisory board

Jaques Marie Joseph Narcisse d'Armand de Charteauvieux, chairman
Philippe René Georges Rochet
Steffen Jacobsen

Executive board

Steffen Jacobsen

General Partner

Evergas Ethylene A/S
CVR No. 32 35 67 88

Limited Partners

Evergas Ethylene A/S
CVR No. 32 35 67 88

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Osvold Helmuths Vej 4,
DK – 2000 Frederiksberg

Bankers

Nordea Bank A/S

Statement by management on the annual report

Today, management has discussed and approved the annual report of ESE 2014 K/S for the financial year 1 January - 31 December 2014.

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

In our opinion, the company financial statement give a true and fair view of the company's financial position at 31 December 2014 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2014.

In our opinion, the management's review includes a fair review of the matters dealt with in the management's review.

We recommend that the annual report is approved by the annual general meeting of shareholders.

Copenhagen, 31 May 2015

Executive board:

.....
Steffen Jacobsen

Supervisory board:

.....
Jaques Marie Joseph Narcisse
d'Armand de Charteauvieux
(chairman)

.....
Philippe René Georges Rochet

.....
Steffen Jacobsen

Independent auditors' report

To the shareholders of ESE 2014 K/S

Independent auditors' report on the financial statements

We have audited the financial statements of ESE 2014 K/S for the financial year 1 January – 31 December 2014, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 of 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 Company'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 evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2014 in accordance with the Danish Financial Statements Act.

Independent auditors' report - continued

Statement on the management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Frederiksberg, 31 May 2015

Ernst & Young

Godkendt Revisionspartnerselskab

Niels-Jørgen Andersen

State authorized public accountant

Leon Stokkebye

State authorized public accountant

Financial highlights

5-year summary:

	2014	2013	2012	2011	2010
Key figures (in tUSD, except per share data)					
Revenue	0	105.652	163.178	179.174	111.543
Gross margin	(126)	(13.563)	8.251	26.934	15.308
Profit/loss before net financials (EBIT)	(126)	(16.301)	5.703	23.848	12.845
Net financials	0	514	(115)	(86)	190
Net profit/loss for the year	(126)	(15.786)	5.588	23.763	13.035
Net cash flow for the year	(2.354)	(1.854)	(10.832)	11.296	2.934
Equity at year-end	(14.816)	(14.690)	6.466	21.519	10.624
Total assets	66	11.295	29.166	29.429	22.729
Number of employees	-	-	-	-	-

Ratios

Gross margin	-	(13)%	5%	15%	14%
EBIT-margin	-	(15)%	3%	13%	12%
Return on assets	(2)%	(81)%	19%	91%	67%
Current ratio	-	43%	128%	373%	188%
Equity ratio	(22.560)%	(130)%	22%	73%	47%
Return on equity	(1)%	(384)%	40%	148%	330%

Definition of financial ratios:

Gross margin: $\text{Gross profit} / \text{Net revenue} * 100$

EBIT margin: $\text{Profit/loss before net financials (EBIT)} / \text{Net revenue} * 100$

Return on assets: $\text{Profit/loss before net financials} / \text{Average, total assets} * 100$

Current ratio: $\text{Current assets} / \text{Short-term liabilities} * 100$

Equity ratio: $\text{Equity} / \text{Total assets} * 100$

Return on equity: $\text{Net profit/loss for the year} / \text{Average equity in the year} * 100$

Management's review

Presentation of the business

ESE 2014 K/S was established on 10 August 2009. The company changed its name from Evergas Solvang K/S to ESE 2014 K/S on 10th April 2014. The change of name followed the termination of the joint venture.

The company's function is to operate as an independent and autonomous entity able to operate on a lasting basis in the market for seaways transportation of ethylene gas and related products. The company shall market and commercially operate the vessels with the aim of optimizing and improving the utilization of the vessels' capacity together with improving service and flexibility towards customers.

The company's functional currency is USD.

Business review

The company's income statement for the year ended 31 December 2014 shows a loss of USD 125,602 and the balance sheet at 31 December 2014 shows equity of USD (14,815,626).

The company's net cash decreased to USD 65,673 from USD 2,420,113 as per 31 December 2013. The decrease arrives from operating activities.

The Joint Venture was terminated by 31.12.2013.

"Trade payables" is due to the previous owners and is expected to be settled in 2015. The settlement will not have any negative cash impact for the company.

Unusual risks

It is the opinion of the management that the operational risks are well managed and that the company is not subject to any unusual risks.

Post balance sheet events

There were no events subsequent to the balance sheet date which would require adjustments to or disclosures in the company's financial statement.

Outlook

The Joint Venture was terminated at 31.12.2013 and there is no expected activity of the company in 2015.

Statutory statement regarding social responsibility according to section 99a of the Danish Financial Statements Act

The Company has no written policies in regards to social responsibility.

Gender composition of management

The Board has set a target for the underrepresented sex of the Board of 25%. The board works after the target to be achieved by the end of 2017 or when women candidates with the required skills identified. The 3 current board members are all men.

The Company has no written policies to the other areas regarding social responsibility.

Accounting policies

The Annual Report of ESE 2014 K/S has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C enterprises.

Reporting currency

The financial statements are presented in USD, the company's functional currency.

Foreign currency translation

Transactions denominated in foreign currencies are translated into USD at the exchange rates at the date of the transaction. Monetary items denominated in foreign currencies are translated into USD at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses. The currency rate USD/DKK as at 31 December 2014 was 6.12. The currency rate DKK/USD as at 31 December 2013 was 5.41.

Derivative financial instruments

Revaluation of derivative financial instruments to hedge the fair value of recognized financial assets or liabilities are added to/deducted from the carrying amount of the hedged asset/liability.

Fair value adjustments of derivative financial instruments are recognized in the income statement.

Income statement

Revenue

Revenue from T/C hire and freight is recognized on a percentage of completion basis. The company uses a discharge to discharge basis for determining the percentage of completion for all voyages.

Other external expenses

Other external expenses include expenses related to sale and administration.

Net financials

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income/expenses and realised/unrealised exchange gains and losses deriving from transactions in foreign currency.

Balance sheet

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

Receivables

Trade receivables, etc. are measured at the lower of amortised cost and net realisable value, calculated by an assessment of each individual receivable.

Accounting policies - continued

Equity

Dividends proposed for the reporting period are presented as a separate item under 'Equity'.

Provisions

Provisions comprise expected expenses relating to, losses on work in progress, etc. Provisions are recognised when, at the balance sheet date, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Other payables

Other payables are measured at amortised cost, which, essentially, corresponds to the fair value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent reporting years.

Cash flow statement

The cash flow statement shows the company's net cash flows, the year's changes in cash and the company's cash at the beginning and at the end of the year.

Cash flows from operating activities are presented using the indirect method and are made up as the net profit or loss for the year, adjusted for non-cash operating items and changes in working capital.

Cash flows from financing activities comprise dividends paid to Partners.

Cash constitutes cash at bank.

Income statement
1 January – 31 December 2014

	Notes	2014 USD	2013 USD
Revenue		0	105,652,524
Operating expenses		<u>(125,602)</u>	<u>(119,215,058)</u>
Gross margin		(125,602)	(13,562,534)
Other external expenses	2	<u>0</u>	<u>(2,738,027)</u>
Loss before net financials (EBIT)		(125,602)	(16,300,561)
Other financial items		<u>0</u>	<u>514,187</u>
Net loss for the year		<u>(125,602)</u>	<u>(15,786,374)</u>
Appropriation of profit/loss			
Retained earnings		(15,690,024)	5,466,307
Dividend paid in/out		0	(5,369,957)
Net loss for the year, after dividend		<u>(125,602)</u>	<u>(15,786,374)</u>
Retained earnings		<u>(15,815,626)</u>	<u>(15,690,024)</u>

Balance sheet
at 31 December

	Notes	2014 USD	2013 USD
Assets			
Current assets			
Inventory, bunker		<u>0</u>	<u>1,756,682</u>
Inventories		<u>0</u>	<u>1,756,682</u>
Trade receivables		0	3,687,398
Other receivables		<u>0</u>	<u>3,430,825</u>
Receivables		<u>0</u>	<u>7,118,223</u>
Cash and cash equivalents		<u>65,673</u>	<u>2,420,113</u>
Total current assets		<u>65,673</u>	<u>11,295,018</u>
Total assets		<u><u>65,673</u></u>	<u><u>11,295,018</u></u>

Balance sheet
at 31 December

	Notes	2014 USD	2013 USD
Equity and liabilities			
Equity			
Share capital		1,000,000	1,000,000
Retained earnings		(15,815,626)	(15,690,024)
Proposed dividend for the year		<u>-</u>	<u>-</u>
Total equity		<u>(14,815,626)</u>	<u>(14,690,024)</u>
Trade payables		14,868,992	24,724,417
Other payables		12,307	0
Deferred income	3	<u>0</u>	<u>1,260,625</u>
Short-term liabilities		<u>14,881,299</u>	<u>25,985,042</u>
Total equity and liabilities		<u><u>65,673</u></u>	<u><u>11,295,018</u></u>
Significant matters	1		
Contingent assets and liabilities and other financial obligations	4		
Related parties	5		
Fees to the auditors appointed by the company in general meeting	6		

Consolidated statement of changes in equity

	2014	2013	2012	2011	2010
	USD	tUSD	tUSD	tUSD	tUSD
Share capital					
Share capital, 1/1	<u>1,000,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Share capital, 31/12	<u>1,000,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Retained earnings					
Retained earnings, 1/1	(15,786,374)	-	4,651	6,760	(3,725)
Paid in/out dividend	-	-	(4,773)	(10,002)	314
Net profit/loss	(125,602)	(15,786)	5,588	23,763	13,035
Proposed dividend	<u>-</u>	<u>-</u>	<u>(5,466)</u>	<u>(15,868)</u>	<u>(2,864)</u>
Retained earnings, 31/12	<u>(15,911,976)</u>	<u>(15,786)</u>	<u>0</u>	<u>4,651</u>	<u>6,760</u>
Dividend					
Proposed dividend, 1/1	96,350	5,466	15,868	2,864	-
Dividend distributed	(0)	(5,370)	(15,868)	(2,864)	-
Proposed dividend	<u>-</u>	<u>-</u>	<u>5,466</u>	<u>15,868</u>	<u>2,864</u>
Dividend 31/12	<u>96,350</u>	<u>96</u>	<u>5,466</u>	<u>15,868</u>	<u>2,864</u>
Total equity	<u>(14,815,626)</u>	<u>(14,690)</u>	<u>6,466</u>	<u>21,519</u>	<u>10,624</u>

The paid in partnership capital has remained unchanged since the incorporation of the company in 2009.

The General Partner, Evergas Ethylene A/S, is fully liable for all of the partnerships obligations.

The General Partner has the right to call in the outstanding capital of USD'000 4,000 by giving 10 days notice.

The Limited Partners are only liable for an amount corresponding to the amount of which they have subscribed for partnership interest.

Cash flow statement

	Notes	2014 USD	2013 USD
Net profit for the year		(125,602)	(15,786,374)
Changes in receivables		3,687,398	13,772,625
Changes in inventories		1,756,682	2,349,999
Changes in trade payables		(9,855,425)	21,625,744
Changes in other payables		12,307	(15,461,841)
Other changes in working capital		<u>2,170,200</u>	<u>(2,984,081)</u>
Cash flows from operating activities		(2,354,440)	3,516,072
Financial expenses		0	283
Currency G/L, cash at bank		<u>(3,995)</u>	<u>290,338</u>
Cash flows from operation activities before net financials		(2,358,435)	3,806,693
Interest received		0	(283)
Currency G/L, cash at bank		<u>3,995</u>	<u>(290,338)</u>
Cash flows from operating activities		<u>(2,354,440)</u>	<u>3,516,072</u>
Dividend distributed		<u>0</u>	<u>(5,369,957)</u>
Cash flows from financing activities		<u>(0)</u>	<u>(5,369,957)</u>
Net cash flow for the year		<u>(2,354,440)</u>	<u>(1,853,885)</u>
Cash and cash equivalents			
Cash and cash equivalents at 1/1		2,420,113	4,273,998
Net cash flow for the year		<u>(2,354,440)</u>	<u>(1,853,885)</u>
Cash and cash equivalents at 31/12		<u>65,673</u>	<u>2,420,113</u>
Unutilised portion of credit facilities		<u>-</u>	<u>-</u>

Notes

Note 1. Significant matters

"Trade payables" is due to the previous owners and is expected to be settled in 2015. The settlement will not have any negative cash impact for the company.

Note 2. Staff costs

The company had no employees in 2014.

	31/12 2014 USD	31/12 2013 USD
Note 3. Deferred income		
Deferred income	0	(1,260,625)
	<u>0</u>	<u>(1,260,625)</u>

Note 4. Contingent assets and liabilities and other financial obligations

Contingent liabilities

The Company has no contingent liabilities.

Note 5. Related parties

Related parties having a controlling interest include Evergas Ethylene A/S, the company's Limited partner.

Note 6. Fees to the auditors appointed by the company in general meeting

	31/12 2014 USD	31/12 2013 USD
Fee for statutory audit	0	20,000
Fee for non-audit services	0	0
	<u>0</u>	<u>20,000</u>