

O.W. Cargo Denmark A/S
Central Business Registration No
31271223

Annual report 2013

The Annual General Meeting adopted the annual report on 30.05.2014

Chairman of the General Meeting

Name: Jim Pedersen

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Entity details

Entity

O.W. Cargo Denmark A/S
Stigsborgvej 60
9400 Nørresundby

Central Business Registration No: 31271223

Registered in: Aalborg, Denmark

Financial year: 01.01.2013 - 31.12.2013

Phone: +4598127277

Board of Directors

Jim Pedersen, Chairman

Götz Lehsten

Jane Dahl Christensen

Executive Board

Jane Dahl Christensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Gøteborgvej 18

9200 Aalborg SV

Statement by Management on the annual report

Today the Board of Directors and the Executive board have considered and approved the annual report of O.W. Cargo Denmark A/S for the financial year 1 January to 31 December 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 company's assets, liabilities and financial position at 31 December 2013 and the company's financial performance for the financial year 1 January to 31 December 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.

Aalborg, 30.05.2014

Executive Board

Jane Dahl Christensen

Board of Directors

Jim Pedersen
Chairman

Götz Lehsten

Jane Dahl Christensen

Independent auditor's reports

To the owners of O.W. Cargo Denmark A/S

Report on the financial statements

We have audited the financial statements of O.W. Cargo Denmark 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. 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 as Management determines is necessary to enable 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 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 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 auditor's judgment, including the assessment of the risks of material misstatements of the 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 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 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.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2013 and of the results of its operations for the financial year 01.01.2013 - 31.12.2013 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

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 financial statements.

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

Copenhagen, 30.05.2014

Deloitte

Statsautoriseret Revisionspartnerselskab

Lyng Skovgaard
State Authorised Public Accountant

Anders Gjelstrup
State Authorised Public Accountant

Management commentary

	2013 USD'000	2012 USD'000	2011 USD'000	2010 USD'000	2009 USD'000
Financial high-lights					
Key figures					
Revenue	385.046	313.189	286.675	180.800	119.864
Gross profit/loss	4.238	4.849	6.456	5.304	3.031
Operating profit/loss	4.238	4.849	6.456	5.304	3.031
Net financials	(640)	(311)	(1.274)	(669)	(98)
Profit/loss for the year	2.644	3.404	3.865	3.477	2.200
Total assets	116.327	82.941	63.946	59.677	52.986
Equity	16.881	14.238	10.834	6.969	3.770
Ratios					
Gross margin (%)	1,1	1,5	2,3	2,9	2,5
Solvency ratio (%)	14,5	17,2	16,9	11,7	7,1

Management commentary

Primary activities

The company's activities consist of sales of bunker oil to ships on the world market. The sales take place from own inventories.

Development in activities and finances

Pre-tax profit for the year constitutes '000 USD 3,598 compared to '000 USD 4,539 in year 2012, which is considered satisfying. The result is in accordance with the expectations for year 2013.

On the 2nd December 2013 the name of the company was changed from O.W. Supply (Switzerland) A/S to O.W. Cargo Denmark A/S as this name reflects the activity more appropriate.

The company is included in the consolidated accounts for O.W. Bunker & Trading A/S, in which activities and risks of the Group are described further.

Outlook

For the year 2014, the company expects a continued positive result. Yet, the expectations are subject to uncertainty as many individual factors may influence the result.

Particular risks

Board of Directors sets the overall framework for managing risks through Group risk policies, which comprise guidelines for managing marine fuel and marine fuel component price and credit risk as well as for insurance matters and treasury related risk. The risk exposure consolidation, reporting and risk monitoring, are centralised and managed from the group's headquarter in Denmark. A centralised platform that includes risk management, credit evaluation, IT, financial controls, cash management and sales systems, allows Executive Management to monitor all significant orders, risk positions and pricing globally on a daily and continuous basis.

Below is a review of the operational risks currently being considered by the Board and Executive Management as most significant to the group.

Risks related to the industry

Global demand for marine fuel is primarily driven by the level of activity in the marine transportation industry. Significant economic downturns in one or more regions with consumer-oriented economies, have in the past, and could in the future, reduce international trade volumes, which directly affects the demand for shipping services, and, in turn, the demand for marine fuel. The group operates globally and in a sector that is likely to be adversely impacted by the effects of political instability, terrorist or other attacks, war, piracy or international hostilities, and any restrictive governmental actions that may result in response to such activity.

Management commentary

Risks related to marine fuel price

Marine fuel and marine fuel component price risk management is integrated throughout the supply chain from the purchase of marine fuel and marine fuel components from suppliers to the sale of marine fuel to customers. The exposure to marine fuel and marine fuel component price volatility arises from the group's marine fuel inventory, purchase and sales contracts with a fixed price element and derivative instruments where marine fuel or marine fuel related products are the underlying asset.

The group manages marine fuel and marine fuel component price risk in accordance with the marine fuel and marine fuel component price risk management policy approved by the Board of Directors. The primary goal of the policy is to ensure that the business generates a stable gross profit per tonne by limiting the effects of marine fuel price fluctuations. The overall risk limit set in the policy is defined by a maximum net open (unhedged) position for the Group.

Risks relating to regulation

The group is required to comply with extensive and complex environmental laws and other regulations relating to among other things the transportation and handling of fuel and fuel products, workplace safety, fuel spillage or seepage, and environmental damage. Changes in such regulations could put upward pressure on the cost of marine fuel relative to other energy sources, which could increase the group's and customers' costs thus impacting the general profitability of the sector.

Credit risk

Credit risk mainly relates to trade receivables as the group regularly provides trade credit to customers for their marine fuel purchases. The risk of losses from defaulting debtors is primarily mitigated by credit insurance and maritime lien for marine fuel receivables.

Internal controls and risk management systems in relation to financial reporting process

The purpose of the group's internal controls and risk management systems in relation to the financial reporting process is to ensure timely, accurate and prudent financial reporting. The group's procedures and internal controls over financial reporting include, among other things:

- Monthly financial highlights that include profit and loss figures and key performance indicators in comparison to budgeted performance and previous year as well as explanations of any deviations
- Preparation of the financial statements in accordance with the Danish Financial Statements Act and additional Danish disclosure requirements and to ensure that the financial statements give a true and fair view, free from material misstatement

Management commentary

A yearly budget process, a “bottom up” process that results in a budget approved by the Board of Directors, including an income statement, balance sheet and cash flow statement.

Corporate social responsibility

The group is subject to various international conventions, laws and regulations in force in the countries in which the group operates. The group is required to comply with extensive and complex environmental laws and other regulations relating to, among other things, the transportation and handling of fuel and fuel products, workplace safety, fuel spillage or seepage, and environmental damage. Due to the global scale of its operations, the group also has to comply with a broad range of laws and regulations in other areas, such as trade sanctions and anti-bribery laws. Thus, the group operates in a highly regulated business environment.+

CSR Policy

The group has in 2013 developed a CSR policy that covers all operations. It is a central part of the CSR policy to ensure that the group is compliant with all relevant conventions, laws and regulation in the countries of operation.

The CSR policy covers the following areas, which have been selected based on a materiality assessment:

- Environment and climate change
- Health & Safety*
- Employee development and well-being*
- Diversity and non-discrimination*
- Anticorruption, anti-bribery and business ethics
- Relevant risks in the supply chain in respect to social and environmental issues*

* Material human rights issues are covered by these areas of the policy.

Male / female ratio

For the board of directors, the target is to achieve a 70/30 distribution between male and female members elected by the general meeting, which is in line with the set-up today.

The consolidated Group report of O.W. Bunker & Trading A/S provides further information regarding implementation and results of CSR in year 2013.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

The annual report of O.W. Cargo Denmark A/S complies with the provisions of the Danish Financial Statements Act applying to major enterprises in reporting class C (large).

The accounting policy remains unchanged compared to that of last year.

Recognition and measurement

Revenues are recognised in the profit and loss account for the reporting period as they are earned. When determining whether revenues are considered earned, the following criteria apply:

- a binding sales agreement has been concluded
- the sales price has been agreed
- delivery has occurred
- payment has been received or is very likely to be received

Furthermore, expenses incurred to generate earnings, including amortisation, depreciation, impairment and provisions, are recognised in the profit and loss account. In addition, changes in accounting estimates made in prior years affect the profit and loss account.

Assets are recognised in the balance sheet when it is probable that future financial benefits will accrue to the Company and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future financial benefits will be lost by the Company, and the value of the liabilities can be measured reliably.

Assets and liabilities are initially recognised at cost. They are subsequently recognised as described below under each individual item.

At the recognition and measurement stage, consideration is taken of any foreseeable risks and losses existing prior to the presentation of the Annual Report that confirm or disconfirm situations prevailing at the balance sheet date.

Foreign currency translation

Transactions in foreign currency are translated on initial recognition into the functional currency at the exchange rates prevailing at the date of transaction. Receivables, payables and other monetary items in foreign currency are translated into the functional currency at the exchange rates prevailing at the balance sheet date.

Accounting policies

Exchange rate differences arising between the exchange rate at the date of transaction and the exchange rate at the date of payment are recognised in the profit and loss account under items under financial income and expenses. Property, plant and equipment and intangible assets, inventories, and other non-monetary assets, bought in foreign currency, are calculated at historical prices.

Income statement

Revenue

Revenues from the sale of goods for resale and finished goods are recognised under "Turnover" on the passing of the risk.

Cost of sales

Cost of sales includes expenses incurred to purchase goods, adjusted for changes in inventories of goods for resale.

Other external expenses

Other external expenses comprise expenditure related to distribution, sales, advertising, administration, premises, bad debts, etc.

Other financial income

Financial income include interest rates and other realised and unrealised foreign exchange gains and losses.

Other financial expenses

Financial expenses include interest rates and other realised and unrealised foreign exchange gains and losses.

Income taxes

The tax charge for the year, which includes current tax and changes in deferred tax, is recognised in the profit and loss account with the amount that can be attributed to the profit or loss for the year and directly in shareholders' equity with the amount that can be attributed to items taken directly to shareholders' equity.

The company is taxed jointly with the Danish subsidiaries of the parent company. Current Danish corporation tax is allocated to the tax-consolidated companies in proportion to their taxable incomes.

The parent company is a part of tax arrangement on account. Tax reimbursement / tax allowance is included in the profit and loss account for the parent company under financial income and financial expenses, respectively.

Accounting policies

Balance sheet

Inventories

Oil holdings acquired for the purposes of the company's activities are measured at cost on initial recognition. Cost includes cost of acquisition and direct costs relating to the acquisition. Oil holdings are subsequently measured at spot price. The price development is hedged by hedging instruments which is why the market value of the hedging instruments and the market value of the oil holdings together total costs on oil holdings.

Receivables

Receivables are measured at amortised cost less provisions for bad debts. Provisions for bad debts are computed on the basis of an individual assessment of the receivables.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other liabilities, including trade creditors, payables to subsidiaries and associated companies and other debt, are recognised at amortised cost.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet as the estimated tax charge on the taxable income for the year, adjusted for tax of taxable incomes from previous years and taxes paid on account.

Provision for deferred tax is calculated on the basis of all temporary differences between the accounting and tax value of assets and liabilities. Yet, there are not calculated deferred tax on the basis of temporary differences, which occur at the time of acquisition and do not affect either the result or the taxable income.

Deferred tax assets are recognised at the value, at which they are expected to be used by either elimination of tax of future earnings or by offset deferred tax liabilities within the same legal tax entity and jurisdiction.

Cash flow statement

Referring to the Danish Financial Statements Act section 86, subsection 4 the company has not prepared any cash flow statement for the company. Cash flow statement for O.W. Cargo Denmark A/S is included in the Group financial statement for O.W. Bunker & Trading A/S.

Accounting policies

Financial highlights

The financial highlights and key ratios have been defined and calculated in accordance with “Recommendations & Ratios, 2010” issued by the Danish Association of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Soliditetsgrad (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

Income statement for 2013

	<u>Notes</u>	<u>2013 USD</u>	<u>2012 USD</u>
Revenue	1	385.046.041	313.189.063
Cost of sales		(380.801.094)	(308.328.400)
Other external expenses		(7.316)	(11.408)
Operating profit/loss		4.237.631	4.849.255
Other financial income	2	1.487.545	1.389.178
Other financial expenses	3	(2.127.585)	(1.699.732)
Profit/loss from ordinary activities before tax		3.597.591	4.538.701
Tax on profit/loss from ordinary activities	4	(954.048)	(1.134.675)
Profit/loss for the year		<u>2.643.543</u>	<u>3.404.026</u>
 Proposed distribution of profit/loss			
Retained earnings		<u>2.643.543</u>	<u>3.404.026</u>
		<u>2.643.543</u>	<u>3.404.026</u>

Balance sheet at 31.12.2013

	<u>Notes</u>	<u>2013 USD</u>	<u>2012 USD</u>
Manufactured goods and goods for resale		79.849.117	66.172.048
Inventories		79.849.117	66.172.048
Trade receivables		13.387.445	5.590.668
Receivables from group enterprises		15.702.348	9.131.011
Other short-term receivables		4.639.452	111.767
Receivables		33.729.245	14.833.446
Cash		2.748.172	1.935.995
Current assets		116.326.534	82.941.489
Assets		116.326.534	82.941.489

Balance sheet at 31.12.2013

	<u>Notes</u>	<u>2013 USD</u>	<u>2012 USD</u>
Contributed capital		97.517	97.517
Retained earnings		<u>16.783.932</u>	<u>14.140.389</u>
Equity		<u>16.881.449</u>	<u>14.237.906</u>
Bank loans		86.619.834	65.259.092
Trade payables		1.151.241	367.593
Debt to group enterprises		9.904.547	1.870.116
Income tax payable		899.398	1.159.382
Other payables		<u>870.065</u>	<u>47.400</u>
Current liabilities other than provisions		<u>99.445.085</u>	<u>68.703.583</u>
Liabilities other than provisions		<u>99.445.085</u>	<u>68.703.583</u>
Equity and liabilities		<u><u>116.326.534</u></u>	<u><u>82.941.489</u></u>
Assets charged and collateral	5		
Related parties with control	6		
Ownership	7		
Consolidation	8		

Statement of changes in equity for 2013

	Contributed capital USD	Retained ear- nings USD	Total USD
Equity beginning of year	97.517	14.140.389	14.237.906
Profit/loss for the year	0	2.643.543	2.643.543
Equity end of year	97.517	16.783.932	16.881.449

Share capital consists of 1 share of nominal value DDK 500,000.

All shares have equal rights.

Share capital is not changed since the company was established 12 February 2008.

Notes

	2013	2012
	USD	USD
1. Revenue		
Scandinavia	306.466.033	276.709.512
Europe	78.580.008	36.479.551
	385.046.041	313.189.063
	2013	2012
	USD	USD
2. Other financial income		
Financial income arising from group enterprises	416.384	344.499
Interest income	0	4.711
Exchange rate adjustments	1.071.161	1.039.968
	1.487.545	1.389.178
	2013	2012
	USD	USD
3. Other financial expenses		
Financial expenses from group enterprises	130.416	126
Interest expenses	1.997.169	1.699.606
	2.127.585	1.699.732
	2013	2012
	USD	USD
4. Tax on ordinary profit/loss for the year		
Current tax	899.398	1.134.675
Adjustment relating to previous years	54.650	0
	954.048	1.134.675

5. Assets charged and collateral

As pledging for the company's debt to banks, total USD 86.6 million at 31.12.2013 is gas and fuel oil inventories pledged as security. The gas and fuel oil inventories have a booked value as at 31.12.2013 at USD 79.8 mio.

The company is included in Danish joint assessment with Wrist Adm ApS as administration company. The company is liable according to the corporate tax act of 1 July 2012 for eventual liabilities to include withholding tax on interests, royalties and dividend for the joint assessment companies.

Notes

6. Related parties with control

Related parties of the company are constituted by the parent company O.W. Supply Switzerland S.A., Geneva, and the parent companies of the company.

Altor Fund II is controlling OW Bunker A/S, which is the upper Danish holding company of the Group.

In the financial year, transactions with related parties are priced according to the prevailing market conditions.

7. Ownership

The company has recorded these owners having more than 5% of voting rights or nominal value of the company:

O.W. Supply Switherland SA, in liquidation, Geneva

8. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

OW Bunker A/S, Aalborg, Denmark

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

O.W. Bunker & Trading A/S, Aalborg, Denmark

The consolidated accounts for O.W. Bunker & Trading A/S and OW Bunker A/S are available by contacting the company.