



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 913 188 845  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: ODFJELL GAS AS  
Forretningsadresse: Conrad Mohrs veg 29  
5072 BERGEN

### Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

### Konsern

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Terje Iversen  
Dato for fastsettelse av årsregnskapet: 30.06.2019

### Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert  
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 31.10.2020



## Resultatregnskap

Beløp i: NOK	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
General and adm expenses	2	25 625	62 410
Nedskrivning av varige driftsmidler og immaterielle eiendeler	4,8	2 826 213	
<b>Sum kostnader</b>		<b>2 851 838</b>	<b>62 410</b>
<b>Driftsresultat</b>		<b>-2 851 838</b>	<b>-62 410</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern	3	129 268	226 148
Annen renteinntekt	3	37 867	21 149
<b>Sum finansinntekter</b>		<b>167 135</b>	<b>247 297</b>
Annen finanskostnad	3	13 407	19 889
Currency gain (loss)	3	-171 871	187 851
<b>Sum finanskostnader</b>		<b>-158 464</b>	<b>207 740</b>
<b>Netto finans</b>		<b>325 599</b>	<b>39 557</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-2 526 239</b>	<b>-22 853</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>-2 526 239</b>	<b>-22 853</b>
<b>Årsresultat</b>		<b>-2 526 239</b>	<b>-22 853</b>
<b>Overføringer og disponeringer</b>			
Udekket tap		-2 526 238	-22 854
<b>Sum overføringer og disponeringer</b>		<b>-2 526 238</b>	<b>-22 854</b>



## Balanse

Beløp i: NOK	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap		146 330 586	147 991 386
Lån til foretak i samme konsern	4	1 495 601	1 418 164
<b>Sum finansielle anleggsmidler</b>		<b>147 826 187</b>	<b>149 409 550</b>
<b>Sum anleggsmidler</b>		<b>147 826 187</b>	<b>149 409 550</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer			18 865
Konsernfordringer			264 621
<b>Sum fordringer</b>			<b>283 486</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		2 785 016	3 413 414
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>2 785 016</b>	<b>3 413 414</b>
<b>Sum omløpsmidler</b>		<b>2 785 016</b>	<b>3 696 900</b>
<b>SUM EIENDELER</b>		<b>150 611 203</b>	<b>153 106 450</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	5,7	240 000	240 000
Overkurs	5	150 666 198	150 666 198
<b>Sum innskutt egenkapital</b>		<b>150 906 198</b>	<b>150 906 198</b>



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital			1 788 196
Udekket tap		738 042	
<b>Sum opptjent egenkapital</b>		<b>-738 042</b>	<b>1 788 196</b>
<b>Sum egenkapital</b>		<b>150 168 156</b>	<b>152 694 394</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Kortsiktig konserngjeld		804	
Annen kortsiktig gjeld		442 243	412 055
<b>Sum kortsiktig gjeld</b>		<b>443 047</b>	<b>412 055</b>
<b>Sum gjeld</b>		<b>443 047</b>	<b>412 055</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>150 611 203</b>	<b>153 106 449</b>



## Konsernets resultatregnskap

Beløp i: USD	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Gross revenue	4	17 543 000	16 734 000
<b>Sum inntekter</b>		<b>17 543 000</b>	<b>16 734 000</b>
<b>Kostnader</b>			
Voyage expenses	5	7 713 000	7 375 000
General and adm expenses	7	166 000	332 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	8	21 000	2 573 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		6 600 000	
Operating expenses	6	4 484 000	4 382 000
Capital gain (loss) on non-current items			715 000
<b>Sum kostnader</b>		<b>18 984 000</b>	<b>15 377 000</b>
<b>Driftsresultat</b>		<b>-1 441 000</b>	<b>1 357 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt	13	162 000	216 000
<b>Sum finansinntekter</b>		<b>162 000</b>	<b>216 000</b>
Annen rentekostnad	13	995 000	1 085 000
Annen finanskostnad	13	320 000	194 000
<b>Sum finanskostnader</b>		<b>1 315 000</b>	<b>1 279 000</b>
<b>Netto finans</b>		<b>-1 153 000</b>	<b>-1 063 000</b>
<b>Ordinært resultat før skattekostnad</b>	294	<b>-2 594 000</b>	<b>294 000</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>-2 594 000</b>	<b>294 000</b>
<b>Årsresultat</b>		<b>-2 594 000</b>	<b>294 000</b>



## Konsernets balanse

Beløp i: USD	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	8		21 000
<b>Sum varige driftsmidler</b>			<b>21 000</b>
<b>Sum anleggsmidler</b>		<b>0</b>	<b>21 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
current receivables	11	1 633 000	1 334 000
Assets held for sale	8,9	37 972 000	42 590 000
<b>Sum fordringer</b>		<b>39 605 000</b>	<b>43 924 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		4 003 000	5 977 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>4 003 000</b>	<b>5 977 000</b>
<b>Sum omløpsmidler</b>		<b>43 608 000</b>	<b>49 901 000</b>
<b>SUM EIENDELER</b>		<b>43 608 000</b>	<b>49 922 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	14	33 000	33 000
Overkurs	14	45 006 000	45 006 000
<b>Sum innskutt egenkapital</b>		<b>45 039 000</b>	<b>45 039 000</b>
<b>Opptjent egenkapital</b>			



## Konsernets balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Annen egenkapital		-15 927 000	-13 426 000
<b>Sum opptjent egenkapital</b>		<b>-15 927 000</b>	<b>-13 426 000</b>
<b>Sum egenkapital</b>		<b>29 112 000</b>	<b>31 613 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner		14 400 000	18 200 000
Skyldige offentlige avgifter			8 000
Annen kortsiktig gjeld		96 000	102 000
<b>Sum kortsiktig gjeld</b>		<b>14 496 000</b>	<b>18 310 000</b>
<b>Sum gjeld</b>		<b>14 496 000</b>	<b>18 310 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>43 608 000</b>	<b>49 923 000</b>



Building a better  
working world

Statsautoriserte revisorer  
Ernst & Young AS

Thormøhlens gate 53 D, NO-5006 Bergen  
Postboks 6163, NO-5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA  
Tlf: +47 24 00 24 00  
Fak: +47 55 21 30 01  
www.ey.no  
Medlemmer av Den norske revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Odfjell Gas AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Odfjell Gas AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2018, the income statement, statements of cash and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2018, income statement, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- ▶ the financial statements are prepared in accordance with the law and regulations
- ▶ the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- ▶ the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, 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 the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, 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, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **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 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 in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report - Odfjell Gas AS

A member firm of Ernst & Young Global Limited



## Report on other legal and regulatory requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, 30 June 2019  
ERNST & YOUNG AS

Jørn Knutsen  
State Authorised Public Accountant (Norway)



Directors report - Odfjell Gas Group and Odfjell Gas AS 2018

## **Business summary**

Unless otherwise specified the report is referring to the consolidated financial statements.

The business area for the company is ownership, chartering and operation of vessels.

The ships are engaged in a pool arrangement and under commercial management with Lauritzen Kosan (LK). This setup has provided income throughout the year in line with the expectations.

Odfjell Gas AS ordered in 2014 eight vessels for agreed delivery in 2016 and 2017, however due to substantially delays, all eight vessels have been cancelled.

Odfjell Gas AS is seeking to sell the two existing vessels and the assets are classified as assets held for sale.

## **Going concern**

In accordance with the Norwegian Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. The Board believes that the proposed financial statement provides a comprehensive picture of the Groups performance and financial position.

## **Financial statement**

Gross revenues for the Odfjell Gas Group came in at USD 17.5 million. The EBITDA was USD 5.2 million in 2018 compared to USD 4.6 million in 2017. The consolidated result before taxes was negative USD 2.6 million, highly influenced by an impairment of USD 6.6 million. Total interest bearing debt as at 31<sup>st</sup> December 2018 is USD 14.4 million. The equity ratio was 67%.

The cash flow from operations was USD 3.8 million in 2018. Cashflows from investment activities amounted to USD 2.0 million, while cash flow from financing activities was negative USD 3.8 million.

The functional currency for the Group is USD.

Odfjell Gas AS posted a net negative result for the year of NOK 2.5 million. Total equity per 31 December 2018 is NOK 150.2 million.

## **Financial risk and strategy**

Our financial strategy is to be sufficiently robust to withstand prolonged adverse conditions, such as long-term down cycles of our markets or challenging financial conditions.

With the introduction of the Bow Gallant and the Bow Guardian under commercial management with Lauritzen Kosan the results are more stable.

The Group's revenues are denominated in USD.



#### **Liquidity and financing**

As at 31 December 2018 the Group's cash and cash equivalent amounted to USD 4.0 million.

In June 2018 Odfjell Gas extended its loan with Nordea and Swedbank for Bow Guardian and Bow Gallant to 13 December 2018 and in December 2018 the same loan was extended to 13 June 2019. Work has been initiated to extend the loan to 13 December 2019.

#### **Working environment and the employees.**

At present there are none employees directly employed by the Company.

#### **QHSE – Safety**

The Group had no work related accidents reported during the year. The safety culture is positive with no spill or leakage on any of the vessels with negative environmental effect.

#### **Staff, discrimination**

The Board of Directors consist of six members, all men. The Board of Directors have through an assessment not found it necessary to do further efforts to promote gender equality.

#### **Company strategy and prospects**

Odfjell Gas strives to provide safe, efficient, and cost-effective LPG services to customers worldwide.

The Odfjell Gas Board of Directors have resolved to sell the two exiting vessels with an intention to liquidate the Company following the sales.



**Allocation of net result**

The Board of Directors proposal on how to dispose the net result for Odfjell Gas AS is shown in the income statement.

Bergen, 30 / 6 2019

The Board of Directors of Odfjell Gas AS

Terje Iversen  
Member of the Board

Kristian V. Mørch  
Chairman of the Board

Jeppe Jensen  
Member of the Board

Alexis Atteslis  
Member of the Board

Jonathan Askew  
Member of the Board

Harald Fotland  
Member of the Board



**Allocation of net result**

The Board of Directors proposal on how to dispose the net result for Odfjell Gas AS is shown in the income statement.

Bergen, 30 / 6 2019  
The Board of Directors of Odfjell Gas AS

Terje Iversen  
Member of the Board

Jeppe Jensen  
Member of the Board

Jonathan Askew  
Member of the Board

Kristian V. Mørch  
Chairman of the Board

Alexis Atteslis  
Member of the Board

Harald Fotland  
Member of the Board



ODFJELL GAS GROUP

## INCOME STATEMENT

(USD 1 000)

	Note	2018	2017
Gross revenue	4	17 543	16 734
Voyage expenses	5	(7 713)	(7 375)
Operating expenses	6	(4 484)	(4 382)
<b>Gross result</b>		<b>5 347</b>	<b>4 977</b>
General and administrative expenses	7	(166)	(332)
<b>Operating result before compensation, depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)</b>		<b>5 181</b>	<b>4 645</b>
Depreciation	8	(21)	(2 573)
Impairment of non-current assets	9	(6 600)	-
Capital gain (loss) on non-current assets		-	(715)
<b>Operating result (EBIT)</b>		<b>(1 440)</b>	<b>1 358</b>
Interest income	13	162	216
Interest expenses	13	(995)	(1 085)
Other financial items	13	(320)	(194)
<b>Net financial items</b>		<b>(1 154)</b>	<b>(1 063)</b>
<b>Result before taxes</b>		<b>(2 593)</b>	<b>294</b>
Taxes	12	-	-
<b>Net result</b>		<b>(2 593)</b>	<b>294</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that may be subsequently reclassified to statement of comprehensive income</b>			
Exchange rate differences		-	-
<b>Other comprehensive income</b>		<b>(2 593)</b>	<b>294</b>



ODFJELL GAS GROUP

## STATEMENT OF FINANCIAL POSITION

(USD 1 000)

ASSETS AS PER 31.12.	Note	2018	2017
<b>NON-CURRENT ASSETS</b>			
Office equipment	8	-	21
<b>Total non-current assets</b>		-	<b>21</b>
<b>CURRENT ASSETS</b>			
Current receivables	11	1 633	1 334
Cash and cash equivalents		4 003	5 977
Assets classified as held for sale	8,9	37 972	42 590
<b>Total current assets</b>		<b>43 607</b>	<b>49 901</b>
<b>Total assets</b>		<b>43 607</b>	<b>49 922</b>
<b>EQUITY AND LIABILITIES AS PER 31.12</b>			
<b>EQUITY</b>			
Share capital	14	33	33
Share premium	14	45 006	45 006
Other equity		(15 927)	(13 426)
<b>Total equity</b>		<b>29 112</b>	<b>31 613</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	12	-	-
<b>Total non-current liabilities</b>		-	-
<b>CURRENT LIABILITIES</b>			
Current portion of interest bearing debt	10	14 400	18 200
Taxes payable	12	-	-
Employee taxes payable		-	8
Other current liabilities		96	102
<b>Total current liabilities</b>		<b>14 496</b>	<b>18 309</b>
<b>Total liabilities</b>		<b>14 496</b>	<b>18 309</b>
<b>Total equity and liabilities</b>		<b>43 607</b>	<b>49 922</b>

Bergen, 30/6 2019

THE BOARD OF DIRECTORS OF ODFJELL GAS

  
Terje Iversen  
Harald Fotland

Jeppe Jensen

Jonathan Askew

Alexis Atteslis

  
Kristian Verner Mørch



## ODFJELL GAS GROUP

## STATEMENT OF FINANCIAL POSITION

(USD 1 000)

ASSETS AS PER 31.12.	Note	2018	2017
<b>NON-CURRENT ASSETS</b>			
Office equipment	8	-	21
<b>Total non-current assets</b>			<b>21</b>
<b>CURRENT ASSETS</b>			
Current receivables	11	1 633	1 334
Cash and cash equivalents		4 003	5 977
Assets classified as held for sale	8,9	37 972	42 590
<b>Total current assets</b>		<b>43 607</b>	<b>49 901</b>
<b>Total assets</b>		<b>43 607</b>	<b>49 922</b>
<b>EQUITY AND LIABILITIES AS PER 31.12</b>			
	Note	2018	2017
<b>EQUITY</b>			
Share capital	14	33	33
Share premium	14	45 006	45 006
Other equity		(15 927)	(13 426)
<b>Total equity</b>		<b>29 112</b>	<b>31 613</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	12	-	-
<b>Total non-current liabilities</b>			
<b>CURRENT LIABILITIES</b>			
Current portion of interest bearing debt	10	14 400	18 200
Taxes payable	12	-	-
Employee taxes payable		-	8
Other current liabilities		96	102
<b>Total current liabilities</b>		<b>14 496</b>	<b>18 309</b>
<b>Total liabilities</b>		<b>14 496</b>	<b>18 309</b>
<b>Total equity and liabilities</b>		<b>43 607</b>	<b>49 922</b>

Bergen, 30/6 2019

THE BOARD OF DIRECTORS OF ODFJELL GAS

Terje Ivarsen

Jeppe Jensen

Alexis Attasfis

Herald Fotland

Jonathan Askew

Kristian Verner Merch

**STATEMENT OF CASH FLOW**

(USD 1 000)

	Note	2018	2017
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before income taxes		(2 593)	294
Depreciation/impairment	8,9	6 621	2 573
Capital (gain) loss on non-current assets		-	715
Other current accruals		(220)	477
<b>Net cash flow from operating activities</b>		<b>3 807</b>	<b>4 058</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Refund from cancellation of contracts	8	-	38 368
Investment in non-current assets	8	(1 981)	(764)
Changes in I/C with related parties		-	(6 902)
<b>Net cash flow from investing activities</b>		<b>(1 981)</b>	<b>30 702</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of interest bearing debt	10	(3 800)	(3 800)
Capital contribution		-	(27 198)
<b>Net cash flow from financing activities</b>		<b>(3 800)</b>	<b>(30 998)</b>
<b>Net change in cash balances</b>		<b>(1 974)</b>	<b>3 763</b>
Cash and cash equivalents in hte beginning of the period		5 977	2 214
<b>Cash and cash equivalents as per 31.12</b>		<b>4 003</b>	<b>5 977</b>
Available credit facilities		-	-



**STATEMENT OF CHANGES IN EQUITY**

(USD 1 000)

	Share capital	Share premium	Exchange rate differences	Retained earnings	Total other equity	Total equity
Equity as at January 1, 2017	33	72 766	( 22)	(14 260)	(14 282)	58 516
Return of paid in capital	-	(27 197)	-	-	-	(27 197)
Net result	-	-	-	294	294	294
<b>Equity as at December 31, 2017</b>	<b>33</b>	<b>45 568</b>	<b>( 22)</b>	<b>(13 966)</b>	<b>(13 988)</b>	<b>31 613</b>
Equity as at January 1, 2018	33	45 568	( 22)	(13 966)	(13 988)	31 613
Net result	-	-	-	(2 593)	(2 593)	(2 593)
Other adjustments	-	-	-	91	91	91
<b>Equity as at December 31, 2018</b>	<b>33</b>	<b>45 568</b>	<b>( 22)</b>	<b>(16 468)</b>	<b>(16 490)</b>	<b>29 112</b>



## **Note 1 Corporate information**

Odfjell Gas AS, Conrad Mohrsv. 29, Bergen, Norway, is the ultimate parent company of the Odfjell Gas Group. The Odfjell Gas Group includes Odfjell Gas AS and subsidiaries (see note 15 for an overview of consolidated companies).

## **Note 2 Summary of significant accounting principles**

### **2.1 Basis for preparation**

The Odfjell Gas Group has prepared its consolidated financial statements according to International Financial Reporting Standards (IFRS) approved by the EU. The consolidated financial statements have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **2.2 Changes in accounting principles**

The Group applied IFRS 15 and IFRS 9 for the first time in 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

#### **IFRS 15 Revenue from contracts with customers**

IFRS 15 Revenues from contracts with customers has replaced IAS 18 Revenues and IAS 11 Construction Contracts.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The company recognize freight revenue over time by measuring the progress towards complete satisfaction of the service.

The new standard has been implemented in Odfjell Gas Group using the modified retrospective approach as transition method, which requires the recognition of the cumulative effect of initially applying IFRS 15 to the opening balance of equity as at January 1, 2018, and not restate prior years. Odfjell Gas Group has not identified a significant impact to the Group's financial statements as a result of implementing the new standard. As a result, no cumulative adjustment to equity as at January 1, 2018 is made.

#### **IFRS 9 Financial Instruments**

IFRS 9 Financial instruments replaces IAS 39 Financial instruments: Recognition and Measurement. IFRS 9 addressed the classification, measurement and de-recognition of financial assets and financial liabilities and introduced new rules for hedge accounting. In addition, IFRS 9 introduced an expected loss model that requires a provision for bad debt to be recognized before any event has happened, as opposed to the old incurred loss model where an event must have happened before the provision is made.

The new standard did not have impact on the Group's financial assets and liabilities.



## 2.3 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for poling ships in external pools.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

### **Net freight income allocated**

Net freight income allocated represents freight income derived from pool freight earnings, net of direct voyage costs. The Company's vessels are commercially managed by external pool companies. As provided in the relevant Pool Agreement, the commercial purpose and effect of the pool is to combine all pool Earnings and all pool expenses of the pool vessels and to allocate the resulting profits or losses to each of the respective owners whose vessels are managed within the pool.

## 2.4 Property, plant and equipment

Property, plant and equipment – including Ships, newbuilding contracts, office equipment - are measured at historical cost, which includes purchase price, capitalised interest and other expenses directly related to the assets. The carrying value of the non-current assets on the balance sheet represents the cost less accumulated depreciation and any impairment charges. New building contracts include payments made under the contracts; capitalised interest and other costs directly associated with the new building and are not depreciated until the asset is available for use.

Each component of property, plant and equipment that is significant to the total cost of the item is depreciated separately. The Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant components and depreciates separately each such component over their useful lives. The book value of ships is split into two components, ships and periodic maintenance.

Day-to-day repairs and maintenance costs are charged to the income statement during in which they are incurred. The cost of major renovations and periodic maintenance is included in the asset's carrying amount. At the time of investing in a ship a portion of the purchase price is defined as periodic maintenance. The investment is depreciated over the remaining useful life of the asset and for the periodic maintenance part over the period until the next periodic maintenance.

Expected useful lives of property, plant and equipment are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciations are adjusted accordingly. Changes are valid as from the dates of estimate changes.

Capital gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the operating result. When the carrying amount of a property, plant and equipment will be recovered principally through a sale transaction rather than through continued use they are reported at the lower of the carrying amount and the fair value less selling costs.



Property, plant and equipment are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Assets held for sale are excluded from the impairment test together with the other assets and a separate judgement is made.

## 2.5 Leases

The determination of whether an arrangement is, or may represent a lease, is based on the substance of the arrangement at inception date. An arrangement is a lease if the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. After inception reassessment is made only if one of the following aspects occurs:

1. there is a change in contractual terms, other than a renewal or extension of the arrangement
2. a renewal option is exercised or an extension is granted, without the term of the renewal or extension having been initially included in the lease term
3. there is a change in the determination of whether fulfilment is dependent on a specified asset
4. there is a substantial change to the asset where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios 1, 3 or 4 and at the date of renewal or extension period for scenario 2.

Assets financed under financial leases are capitalised at the commencement of the lease at the fair value of the leased asset, or if lower, at the net present value of minimum lease payments. Lease payments consist of a capital element and financial cost, the repayment of the capital element reduces the obligation to the lessor and the financial cost is expensed. Capitalised leased assets are depreciated over the estimated useful life. For ships chartered in on bareboat terms, Odfjell is responsible for operating expenses and periodic maintenance. For such ships we make accruals for estimated future periodic maintenance. Provision for dry-docking of ships on bareboat terms is included in other current liabilities in the Statement of financial position.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term.

## 2.6 Impairment of assets

### Property, plant and equipment

The carrying amount of the Group's tangible assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Assets held for sale are excluded from the cash generating units and are assessed separately for impairment.



The recoverable amount is the highest of the fair market value of the asset, less cost to sell, and value in use. The value in use is based on the net present value of future estimated cash flow from the employment of the asset. The net present value is based on an interest rate based on weighted average cost of capital reflecting the required rate of return. If the recoverable amount is lower than the book value, impairment has occurred and the asset shall be revalued. Impairment losses are recognised in income statement. Assets are grouped at the lowest level where there are separately identifiable independent cash flows.

Impairment losses recognised in the income statement for previous periods are reversed when there is information that the basis for the impairment loss no longer exists. This reversal is classified in the income statement as an impairment reversal. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

## **2.7 Consolidation**

The consolidated statements consist of Odfjell Gas AS and its subsidiaries as at 31 December each year.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and continues to be consolidated until the date that such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Controlling influence is normally gained when the Group owns, directly or indirectly, more than 50% of the shares in the company and is capable of exercising actual control over the company.

Identified excess values have been allocated to those assets and liabilities to which the value relates. Fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the balance sheet date. Excess values are depreciated over the estimated useful lives for the relevant asset and liabilities.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies

## **2.8 Currency**

The consolidated financial statements are presented in USD as the Group operates in an international market where the functional currency is mainly USD. The functional currency of the parent company is USD.

Transactions in non-USD currency are recorded at the exchange rate on the date of the transaction. Receivables and liabilities in non-USD currencies are translated at the exchange rate on the balance sheet date. All exchange rate differences are taken to the Income statement.



The balance sheet of foreign subsidiaries with functional currency other than USD is translated at the rate applicable on the balance sheet date, while the income statement is translated using the monthly average exchange rate for the accounting period. Exchange rate differences that arise as a result of this are included as exchange rate differences in other comprehensive income. When a foreign subsidiary is sold, the accumulated translation adjustment related to that subsidiary is taken to the income statement.

## **2.9 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Recognition and derecognition**

Financial assets and liabilities are recognized in the statement of financial position at the date the Group becomes a party to the contractual provisions of the financial instruments. Financial instruments are recognized at fair value, which normally equals their transaction price. Transaction costs are recognized in profit or loss, with the exception of transaction costs related to financial instruments measured at amortized cost or fair value through OCI where transaction costs adjust the instruments carrying amount and are amortized over the expected life of the instruments.

A financial asset is derecognized when the right to receive and retain cash flows from the asset has expired, or when the rights to receive the cash flows from the financial asset and substantially all the risks and rewards from ownership of the financial asset has been transferred. A financial liability is derecognized when it is extinguished, i.e. when the financial liability is discharged, canceled or expires.

### **Classification and measurement**

Financial assets are measured at amortized cost if their contractual cash flows are solely payment of principal and interest on the principal amount outstanding, and they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. All financial assets of the Group that are not derivatives or equity instruments meet these conditions and are measured at amortized cost.

The Odfjell Gas Group has the following financial assets; trade receivables (included in current receivables) and cash and cash equivalents.

Financial liabilities shall be accounted for at amortized cost, unless they are held for trading, designated at fair value through profit or loss or are derivatives. Financial liabilities of the Group are measured at amortized cost.

The Odfjell Gas Group has the following financial liabilities; Short term interest bearing debt, trade and other payables (included in 'other current liabilities' in the statement of financial position).

### **Impairment**

Impairments are recognized based on a three-step model, where assets are classified in step 1 at initial recognition and in subsequent periods if the credit risk of the assets has not increased significantly after initial recognition. Impairment losses for assets classified in step 1 is measured as the 12-months expected credit loss. If the credit risk has increased significantly



after initial recognition the financial assets shall be classified in step 2 or 3, and expected credit loss is measured at lifetime expected credit loss. When estimating expected credit loss, the Group takes into consideration historical loss experience, information about current conditions and expectations for future developments.

A simplified impairment model applies for trade receivable, where impairment losses are measured at lifetime expected credit loss irrespective of whether credit risk has increased significantly or not.

## **2.10 Inventories**

Bunkers, spare parts and consumables are accounted for at purchase price, on a first-in, first-out basis.

Inventories are measured at the lower of cost and net realisable value. If inventory is written down to net realisable value, the write down is charged to the income statement.

## **2.11 Cash and cash equivalents**

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash in hand and in bank, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

The amount of cash and cash equivalents in the cash flow statement does not include available credit facilities.

## **Equity**

### **Paid in equity**

#### **(i) Share capital**

Ordinary shares are classified as equity. The paid in equity equals the nominal value per share.

#### **(ii) Share premium**

The excess value of the total paid-in-capital not reflected in the nominal value of the shares. Transaction costs of an equity transaction are accounted for as a deduction in share premium, net of any related income tax benefit.

#### **(iii) Retained earnings**

The net result attributable to and available for distribution to the shareholders.

Dividends are recorded as a deduction to other equity in the period in which they are approved by the shareholders.

## **2.12 Taxes**

The shipping activities are operated in Norway under the ordinary tax system in Norway and the Norwegian shipping tax system.

The Group's taxes include taxes of Group companies based on taxable profit for the relevant financial period, together with tax adjustments for previous periods and any change in deferred taxes.



Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to offset the temporary differences. We recognise formerly unrecognised deferred tax assets to the extent that it has become probable that we can utilise the deferred tax asset. Similarly, the Company will reduce its deferred tax assets to the extent that it no longer can utilise these.

Deferred tax and deferred tax assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the relevant tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax and deferred tax assets are recognised irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognised at their nominal value and are classified as non-current liabilities (non-current assets) in the balance sheet.

Companies taxed under special shipping tax systems will generally not be taxed on the basis of their net operating profit. A portion of net financial income and other non-shipping activities are normally taxed at the ordinary applicable tax rate. Taxation under shipping tax regimes requires compliance with certain requirements, and breach of such requirements may lead to a forced exit of the regime.

Tax payable and deferred taxes are recognised directly in equity to the extent that they relate to factors that are recognised directly in equity.

### **2.13 Interest bearing debt**

Interest bearing debt is classified as non-current liabilities and initially recognised at the amount of proceeds received, net of transaction costs incurred. Debt are subsequently carried at amortised cost, where any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Interest bearing debt is generally non-current liabilities, while instalments within the next 12 months are classified as current liabilities.

### **2.14 Borrowing cost**

General and specific borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.



All other borrowing costs are recognised in profit or loss in the period in which they are incurred

### **2.15 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are based on best estimates. Provisions are reviewed on each balance sheet date and reflect the best estimate of the liability. If the effect of the time value of money is material, normally more than twelve months, provisions are discounted using a current pre tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### **2.16 Events after the balance sheet date**

Events after the balance sheet date that do not affect the Company's position at the balance sheet date, but which will materially affect the Company's position in the future are stated.

### **2.17 Related parties**

In the normal course of the conduct of its business, the Group enters into a number of transactions with related parties. The Company considers these arrangements to be on reasonable market terms.

### **2.18 Classification in the financial statement**

Odfjell Gas has used a classification based on a combination of nature and function in the income statement.

### **2.19 Changes in accounting principles with future effect**

Certain new accounting standard and interpretations have been published that are not mandatory as per December 31, 2018. These new standards have not been adopted. The Group's assessment of the impacts on these new standards is set out below.

#### **IFRS 16 Leases**

IFRS 16 Leases was issued in January 2016 and it replaces IAS 17 Leases. The new standard is effective for Gas Group from January 1, 2019.

Under IFRS 16 lessees no longer distinguish between a finance lease (on balance sheet) and an operating lease (off balance sheet). Instead, for virtually all lease contracts the lessee recognizes a lease liability reflecting future lease payments and a 'right-of-use' asset. The new model is based on the rationale that economically a lease contract is equal to acquiring the right to use an asset with the purchase price paid in installments. The only exceptions are short-term and low-value leases.

Lessees recognize interest expense on the lease liability and a depreciation charge on the 'right-of-use' asset. Compared to the accounting for operating leases under IAS 17, this does not only change the presentation within the income statement (under IAS 17 lease payments are presented as a single amount within operating expenses) but also the total amount of expenses recognized in each period. Straight-line depreciation of the right-of-use asset and



application of the effective interest rate method to the lease liability will result in a higher total charge to profit or loss in the initial periods and decreasing expenses during the latter part of the lease term.

Applying the IFRS 16 will have no impact on the Financial Statements for Gas Group.

### **Note 3 Critical accounting judgment and key sources of estimation uncertainties**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree and judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

#### **Freight revenue**

The Company generates its revenue from contracts with customers by pooling ships in external pools. Net freight income allocated represents freight income derived from pool freight earnings, net of direct voyage costs.

#### **Impairment test LPG/ethylene vessels**

The LPG/ethylene fleet is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the fleet may not be recoverable. Management measures the recoverable amount of an asset or Cash Generating Unit (CGU) by comparing its carrying amount to the higher of its fair value less cost of disposal or value in use that the asset or CGU is expected to generate over its remaining useful life.

If an asset or CGU is considered to be impaired, impairment is recognised in an amount equal to the excess of the carrying amount of the asset or CGU over its recoverable amount.

As the Odfjell Gas ships are interchangeable all ships are seen together as a portfolio of ships.

In order to assess impairment, Management makes assumptions regarding future cash inflows and outflows based on existing contracts, historical experience, financial forecasts, expected growth in ship supply, market demand and discount rate. Management also makes assumptions regarding residual values of the ships.

If actual results differ from estimates and assumptions used in estimating future cash flows, then the Group may be exposed to future impairment losses that could be material.

An impairment test has been carried out at year end 2018. Key assumption in the impairment test is the gross result and discount rate.

#### **Depreciation and residual value of ships**

Ships are recognised at historical cost less accumulated depreciation and any impairment charges. The cost of the ships includes the contract price, expenses related to site team and pre-delivery borrowings incurred. The cost less residual value is depreciated on a straight-line basis over the ships estimated useful life.

The cost of the ships is divided into separate components for depreciation purposes. Estimated cost of first time dry-docking is deducted from the cost of the ship and depreciated separately



over a period until the next dry-docking. The residual value of these the dry-docking components is zero.

Residual value is estimated based upon the latest available steel-price/stainless steel price and the lightweight of the ships. Stainless steel part of the lightweight of the ships is separately assessed and valued as part of the total residual value.

Estimated useful life of the ships is 30 years. Estimated cost of dry-docking is depreciated over an estimated period of 2.5 years.

If residual value is incorrect, the future depreciation would be affected, either as a reduction if residual value is understated or as an increase in depreciation if residual value is overstated.

## Note 4 Freight income

(USD 1 000)	2018	2017
Own ships	17 543	16 734
<b>Total freight income</b>	<b>17 543</b>	<b>16 734</b>

## Note 5 Voyage expenses

Voyage expenses are expenses directly related to the ship voyage.

(USD 1 000)	2018	2017
Pool distribution to external part	7 706	7 369
Other voyage related expenses	6	6
<b>Total voyage expenses</b>	<b>7 713</b>	<b>7 375</b>

## Note 6 Operating expenses

(USD 1 000)	2018	2017
Crew expenses	2 222	2 190
Other cost of operation	2 262	2 192
<b>Total operating expenses</b>	<b>4 484</b>	<b>4 382</b>

## Note 7 General and administration expenses

None compensation and benefits to Board of Directors.

The recognised audit fee for 2018 is USD 8 100.



**Note 8 Non-current assets/assets classified as assets held for sale**

(USD 1 000)	Office equipment	Total
Net carrying amount 01.01	21	21
Depreciation	(21)	(21)
<b>Net carrying amount 31.12</b>	-	-

The vessels owned by Odfjell Gas are classified as assets held for sale. In 2018 total investments have been USD 2.0 million.

**Note 9 Impairment**

The management has evaluated the potential impairment losses in accordance with the accounting principles in note 2.

Odfjell Gas AS ordered in 2014 eight vessels for agreed delivery in 2016 and 2017, however due to substantially delays, all eight vessels have been cancelled. Odfjell Gas AS is seeking to sell the two existing vessels and the assets are classified as assets held for sale.

In 2018 an impairment of total USD 6.6 million was recognized for the two vessels. No impairment was done in 2017.

**Note 10 Non-current interest bearing debt**

(USD 1 000)	Average interest rate	2018
Loans from financial institutions – floating interest rate	6.04%	14 400
<b>Subtotal interest bearing debt</b>		<b>14 400</b>
Transaction cost		-
<b>Total interest bearing debt</b>		<b>14 400</b>
Current portion of total debt		(14 400)
<b>Total non-current interest bearing debt</b>		<b>-</b>

**Maturity of interest bearing debt as per 31 December 2018:**

	2019	2020	2021	2022	2023	2024+	Total
Loans from financial institutions – floating interest rate	14 400	-	-	-	-	-	14 400
<b>Total interest bearing debt</b>	<b>14 400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 400</b>



---

Estimated interest payable *)	788	-	-	-	-	-	788
<b>Total</b>	<b>788</b>	-	-	-	-	-	<b>788</b>

---

\*) In June 2019 the loan facility has been extended by six months to 19 December 2019 on the same existing terms. Odfjell SE remains a guarantor to the loan and standard Odfjell financial covenants apply to the guarantor.

	<b>Average interest rate</b>	<b>2017</b>
Loans from financial institutions – floating interest rate	4.58%	18 200
<b>Subtotal interest bearing debt</b>		<b>18 200</b>
Transaction cost		-
<b>Total interest bearing debt</b>		<b>18 200</b>
Current portion of total debt		(18 200)
<b>Total non-current interest bearing debt</b>		<b>-</b>

#### Maturity of interest bearing debt as per 31 December 2017:

	2018	2019	2020	2021	2022	2023+	Total
Loans from financial institutions – floating interest rate	18 200	-	-	-	-	-	18 200
<b>Total interest bearing debt</b>	<b>18 200</b>	-	-	-	-	-	<b>18 200</b>

---

Estimated interest payable *)	825	-	-	-	-	-	825
<b>Total</b>	<b>825</b>	-	-	-	-	-	<b>825</b>

---

#### Note 11 Current receivables

(USD 1 000)	<b>2018</b>	<b>2017</b>
Trade receivables	1 620	1 322
Other current receivable	13	12
<b>Total current receivables</b>	<b>1 633</b>	<b>1 334</b>

All receivables are in currency USD



## Note 12 Taxes

(USD 1 000)	2018	2017
Taxes payable – ordinary tax	-	-
Taxes payable – shipping tax system	-	-
Change in deferred tax – ordinary tax	-	-
Change in deferred tax – shipping tax system	-	-
<b>Total tax income (expenses)</b>	-	-

(USD 1 000)	2018	2017
<b>Pre-tax profit</b>	<b>(2 593)</b>	<b>294</b>
Tax calculated at Odfjell Gas statutory income tax rate 23% (2017: 24%)	596	(71)
Tax effect of:		
Income and expenses not subject to tax	1 214	562
Non deductible expenses for tax purposes – impairment/sale of assets	(1 518)	(172)
Deferred tax assets not reconisid	(293)	(319)
<b>Tax income (expenses)</b>	-	-

The tax returns of the Company and its subsidiaries' are routinely examined by relevant tax authorities. From time to time, in the ordinary course of business, certain items in the tax returns are questioned or challenged. The Company believes that adequate tax provisions have been made for open years.

The Group has one ongoing tax case with tax authorities where deferred tax liability is estimated to USD 0.9 million. The amount is not accounted for as the Group believe it has a good case.

The Group has a total loss carried forward of about NOK 14.6 million within the ordinary tax system in Norway and NOK 36.5 mill within the Norwegian shipping tax system per 31 December 2018, that is available indefinitely to offset against future taxable profits of the companies in which the losses arose. Tax Group contributions are available within the same country and within the same tax regime. Any distribution of dividend to the shareholders does not affect the Company's payable or deferred tax.

The deferred tax asset is not accounted for due to uncertainty about future use.



### Note 13 Financial items

(USD 1 000)	2018	2017
Interest income	162	216
Interest expenses	(995)	(1 085)
Other financial expenses	(226)	(232)
Currency gain/loss	(95)	38
<b>Total financial items</b>	<b>(1 154)</b>	<b>(1 063)</b>

### Note 14 Share capital and premium

Total share capital is NOK 240 000. Shares 60 of nominal value of NOK 4 000.

Shareholders:

Odfjell SE	50%
Gas Maritime Partners S.À.R.L	50%

### Note 15 List of subsidiaries

The following subsidiaries are fully consolidated in the financial statement as per 31 December:

Company	Country of registration	Ownership share	Voting share
Odfjell Gas Carriers AS	Norway	100%	100%
Odfjell Shipowning AS	Norway	100%	100%
Odfjell Gas Denmark AS	Denmark	100%	100%

### Note 16 Financial risk management

The Group's results and cash flow are influenced by a number of variable factors. Our policy is to manage the risks we are exposed to, including, but not limited to market risk, credit risk, liquidity risk, currency risk and interest rate risk. Our strategy is to systematically monitor and understand the impact of changing market conditions on our results and cash flow and to initiate mitigating actions where required.



## Credit risk

The Group has no significant credit risks, other than those which have already been provided for, nor any concentrations of credit with a single customer or in an industry or geographical region which carries an unusually high credit risk.

## Liquidity risk

The Group's strategy is to have liquid assets or available credit facilities at any time to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is in addition, to ensure, as far as possible, that it will always have sufficient liquidity to meet significant risk factors, such as long term down-cycles in the market or unfavorable conditions in financial markets. Surplus liquidity is mainly invested via short term interest deposits.

## Currency risk

The Group has limited exposure to currency fluctuation at present

## Interest rate risk

The objective for the interest rate management is to minimize interest costs and at the same time keep the volatility of future interest payments within acceptable limits. If necessary the Group enters into different types of interest rate derivatives to hedge against fluctuations in the results due to changes in interest rates.

## Note 17 Capital management

The primary objective of the Group's capital management policy is to maintain healthy capital ratios and hold liquidity available to take advantage of investment opportunities and generally support the business. At the same time capital management should be such that the capital structure is sufficiently robust to withstand prolonged adverse conditions in significant risk factors, such as long-term down-cycles in our markets and unfavorable conditions in the financial markets.

The Group manages the capital structure and makes adjustments to maintain an optimal structure adapted to current economic conditions. In order to maintain or adjust the capital structure, the Company may adjust dividend payments, buy treasury shares, redemption of shares or issue new shares. No changes were made in the objectives or policies during the year ending 31 December 2018.

The Group monitors its capital using the book equity ratio and available liquidity, as the primary measurements.

(USD mill)	2018	2017
Equity	29	32
Total assets	44	50
Equity ratio	67%	63%
Cash and cash equivalents	4	6
<b>Total available liquidity</b>	<b>-</b>	<b>2</b>



<b>STATEMENT OF PROFIT OR LOSS</b>			
<b>ODFJELL GAS AS</b>		<b>(FIGURES IN NOK)</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>OPERATING INCOME (-COST)</b>			
General and administration expenses	2	(25,625)	(62,410)
<b>Operating result</b>		<b>(25,625)</b>	<b>(62,410)</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Impairment of assets/receivables	4, 8	(2,826,213)	-
Interest income from group companies	3	129,268	226,148
Interest income	3	37,867	21,149
Other financial expenses	3	(13,407)	(19,889)
Currency gain (loss)	3	171,871	(187,851)
<b>Net financial items</b>		<b>(2,500,613)</b>	<b>39,556</b>
<b>Operating result before tax</b>		<b>(2,526,238)</b>	<b>(22,854)</b>
<b>Ordinary result after tax</b>		<b>(2,526,238)</b>	<b>(22,854)</b>
<b>Annual net profit</b>		<b>(2,526,238)</b>	<b>(22,854)</b>
<b>ATTRIBUTABLE TO:</b>			
Uncovered loss		(2,526,238)	(22,854)
<b>Total</b>		<b>(2,526,238)</b>	<b>(22,854)</b>



STATEMENT OF FINANCIAL POSITION

ODFJELL GAS AS

(FIGURES IN NOK)

NON-CURRENT ASSETS	Note	2018	2017
Investments in subsidiaries	8	146,330,586	147,991,386
Loan to group companies	4	1,495,601	1,418,164
<b>Total non-current assets</b>		<b>147,826,188</b>	<b>149,409,550</b>
<b>CURRENT ASSETS</b>			
Due from related companies	4	-	264,621
Other short-term receivables		-	18,865
Cash and bank deposits		2,785,016	3,413,414
<b>Total current assets</b>		<b>2,785,016</b>	<b>3,696,900</b>
<b>Total assets</b>		<b>150,611,203</b>	<b>153,106,449</b>




STATEMENT OF FINANCIAL POSITION

ODFIJELL GAS AS

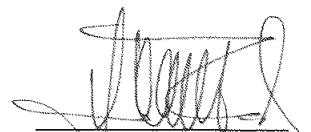
(FIGURES IN NOK)

	Note	2018	2017
<b>EQUITY AND LIABILITIES</b>			
Share capital	5, 7	240,000	240,000
Share premium reserve	5	150,666,198	150,666,198
<b>Total paid-in capital</b>		<b>150,906,198</b>	<b>150,906,198</b>
Other equity/uncovered loss	5	(738,042)	1,788,196
<b>Total retained earnings</b>		<b>(738,042)</b>	<b>1,788,196</b>
<b>Total equity</b>		<b>150,168,156</b>	<b>152,694,394</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Due to related companies	4	804	-
Other current liabilities	6	442,243	412,055
<b>Total current liabilities</b>		<b>443,047</b>	<b>412,055</b>
<b>Total liabilities</b>		<b>443,047</b>	<b>412,055</b>
<b>Total equity and liabilities</b>		<b>150,611,203</b>	<b>153,106,449</b>

Bergen 30/6 2019  
The board of Odfjell Gas AS

  
Kristian Verner Mørch  
Chairman of the Board

  
Terje Iversen  
Board member

  
Harald Fotland  
Board member

\_\_\_\_\_  
Jeppe Jensen  
Board member

\_\_\_\_\_  
Alexis Atteslis  
Board member

\_\_\_\_\_  
Jonathan Askew  
Board member



STATEMENT OF FINANCIAL POSITION			
ODFJELL GAS AS		(FIGURES IN NOK)	
	Note	2018	2017
<b>EQUITY AND LIABILITIES</b>			
Share capital	5, 7	240,000	240,000
Share premium reserve	5	150,666,198	150,666,198
<b>Total paid-in capital</b>		<b>150,906,198</b>	<b>150,906,198</b>
Other equity/uncovered loss	5	(738,042)	1,788,196
<b>Total retained earnings</b>		<b>(738,042)</b>	<b>1,788,196</b>
<b>Total equity</b>		<b>150,168,156</b>	<b>152,694,394</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Due to related companies	4	804	-
Other current liabilities	6	442,243	412,055
<b>Total current liabilities</b>		<b>443,047</b>	<b>412,055</b>
<b>Total liabilities</b>		<b>443,047</b>	<b>412,055</b>
<b>Total equity and liabilities</b>		<b>150,611,103</b>	<b>153,106,449</b>

Bergen <sup>30/6</sup> 2019  
The board of Odfjell Gas AS

  
Kristian Verner Mørch  
Chairman of the Board

  
Terje Iversen  
Board member

  
Harald Fotland  
Board member

  
Jeppe Jensen  
Board member

  
Alexis Atteslis  
Board member

  
Jonathan Askew  
Board member



ODFJELL GAS AS (figures in NOK)

STATEMENT OF CASH FLOW

Cash flow from operating activities	2018	2017
Result before taxes	(2,526,238)	(22,854)
Impairment	2,826,213	-
Other current accruals	49,052	(38,984)
Net cash flow from operations	349,027	(61,838)
<b>Cash flow from investing activities</b>		
Repayment/Investment in shares	-	230,000,000
Net cash flow from investing activities	-	230,000,000
<b>Cash flow from financing activities</b>		
Group inter-company	(977,425)	2,744,636
Return of share premium	-	(230,000,000)
Net cash flow from financing activities	(977,425)	(227,255,364)
Effect on cash balances from currency exchange rate fluctuations	-	-
Net change in cash balances	(628,398)	2,682,798
Cash and cash equivalents as per 01.01	3,413,414	730,616
Cash and cash equivalents as per 31.12	2,785,016	3,413,414



## ODFJELL GAS AS

### NOTE 1 - ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

#### **Use of estimates**

The management has used estimates and assumptions that affects the income statement and the valuation of assets and liabilities at the balance sheet date.

#### **Foreign currency translation**

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

#### **Income tax**

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is likely that the tax assets will be utilized. Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

#### **Balance sheet classification**

Assets and liabilities related to the operation of the company are classified as current assets and liabilities.

Assets for long-term use are classified as non-current assets.

Current assets are valued at the lower of historical cost and fair value. Short term liabilities are recognized at nominal value.

#### **Investments in subsidiaries**

Investments in subsidiaries are presented according to the cost method. Group contribution and dividends from subsidiaries is recognised in the year for which it is proposed by the subsidiary to the extent the parent company can control the decision of the subsidiary through its share holdings.



## ODFJELL GAS AS (figures in NOK)

### NOTE 2 - GENERAL AND ADMINISTRATION EXPENSES

	31.12.2018	31.12.2017
Auditor fee (expensed)	25,625	43,050
Legal fees to auditor	-	19,360
<b>Total general and administration expenses</b>	<b>25,625</b>	<b>62,410</b>

### NOTE 3 - FINANCIAL INCOME AND EXPENSES

	31.12.2018	31.12.2017
<b>Impairment of assets/receivables</b>	<b>(2,826,213)</b>	<b>-</b>
Interest income from related companies	129,268	226,148
Interest income	37,867	21,149
<b>Total interest</b>	<b>167,135</b>	<b>247,297</b>
<b>Other financial expenses</b>	<b>(13,407)</b>	<b>(19,889)</b>
Currency gain	243,170	553,443
Currency loss	(71,298)	(741,294)
<b>Total currency gain/loss</b>	<b>171,871</b>	<b>(187,851)</b>
<b>Net financial items</b>	<b>(2,500,613)</b>	<b>39,556</b>

### NOTE 4 - DUE TO/FROM RELATED COMPANIES

	31.12.2018	31.12.2017
<b>Due from related companies:</b>		
Odfjell Gas Carriers AS (Long term)	1,495,601	1,418,164
Odfjell Gas Denmark AS	-	264,621
Odfjell Gas Shipowning AS (Short term)	-	25,000,000
Odfjell Gas Carriers AS (Short term)	900	-
	<b>1,496,501</b>	<b>26,682,785</b>

Impairment is done in receivable against Odfjell Gas Denmark AS of NOK 1 165 413 in 2018.

<b>Due to related companies:</b>		
Odfjell Gas Shipowning AS	1,704	-

### NOTE 5 - EQUITY

	Share capital	Share premium	Other equity/ uncovered loss	Total equity
<b>Equity as per 1 January 2018</b>	240,000	150,666,198	1,788,197	152,694,395
Net result	-	-	(2,526,238)	(2,526,238)
<b>Equity as per 31 December 2018</b>	<b>240,000</b>	<b>150,666,198</b>	<b>(738,042)</b>	<b>150,168,156</b>

### NOTE 6 - OTHER CURRENT LIABILITIES

	31.12.2018	31.12.2017
Other current liabilities	447,368	412,055

### NOTE 7 - SHARE CAPITAL AND INFORMATION ABOUT SHAREHOLDERS

Total share capital is NOK 240 000, 60 shares with nominal value NOK 4 000.

<b>Shareholders</b>	<b>Number of shares</b>	<b>Voting rights</b>
Odfjell SE	30	50 %
Gas Maritime Partners S.à.r.l	30	50 %

### NOTE 8 - SHARES IN SUBSIDIARIES

	<b>Ownership:</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Odfjell Gas Shipowning AS	100 %	146,230,586	146,230,586
Odfjell Gas Carriers AS	100 %	100,000	100,000
Odfjell Gas Denmark AS	100 %	-	1,660,800
<b>Total shares in subsidiaries</b>		<b>146,330,586</b>	<b>147,991,386</b>

Impairment is done in shares in Odfjell Gas Denmark AS of NOK 1 860 800 in 2018.



## ODFJELL GAS AS (figures in NOK)

### NOTE 9 - TAX

<b>Taxes:</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Taxes payable	-	-
Changes in deferred tax/deferred tax assets	-	-
<b>Total tax expenses</b>	<b>-</b>	<b>-</b>

<b>Taxes payable:</b>	<b>31.12.2018</b>	<b>31.12.2016</b>
Net result before taxes	(2 526 238)	( 22 854)
Permanent differences	1 165 413	-
Changes in temporary differences	1 660 800	-
Tax-loss carried forward	( 299 974)	-
<b>Tax base</b>	<b>-</b>	<b>( 22 854)</b>
Tax 23%/24%	-	-
Reduction due to deferred tax assets	-	-
<b>Taxes payable</b>	<b>-</b>	<b>-</b>

<b>Specification of deferred tax/(deferred tax assets):</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Current assets	-	-
Fixed assets	-	-
Other long-term temporary differences	-	-
Tax-loss carried forward	(13 933 602)	(14 233 576)
<b>Net temporary differences</b>	<b>(13 933 602)</b>	<b>(14 233 576)</b>
Tax rate	22 %	23 %
<b>Deferred tax/(deferred tax assets)</b>	<b>(3 065 392)</b>	<b>(3 273 722)</b>

Because of uncertainty about the future use of deferred tax assets, this is not capitalized.

### NOTE 10 - CASH AND CASH EQUIVALENTS

The company has no restricted cash per 31.12.2018

The company is included in the Group's corporate account system with Odfjell Gas Shipowning AS and Odfjell Gas Carriers AS. The companies are jointly and severally liable for any outstanding amounts.



## Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	04.06.2014	06.06.2014
Telefon	Deres referanse	Vår referanse
22078139	Terje Iversen	2014/390239

ODFJELL GAS AS  
Postboks 6101  
5892 BERGEN

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

— Det vises til deres brev av 4. juni 2014 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

<b>Odfjell Gas AS</b>	<b>org.nr. 913 188 845</b>
<b>Odfjell Gas Shipowning AS</b>	<b>org.nr. 998 477 875</b>
<b>Odfjell Gas Carriers AS</b>	<b>org.nr. 998 477 913</b>

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Odfjell Gas AS er morselskap til Odfjell Gas Shipowning AS og Odfjell Gas Carriers AS. Odfjell Gas AS med underliggende selskaper vil i løpet av 2014 bli et joint venture (JV) selskap med en aksjonærsammensetning fordelt 50 % på Odfjell SE og 50 % i fellesskap på Breakwater Capital og Oak Hill Advisors, L.P. Majoriteten av aksjonærene er på utenlandske hender. Odfjell SE har tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk. Odfjell Gas AS med underliggende selskaper er et internasjonalt shipping selskap med global virksomhet. Dette er en bransje hvor engelsk er det klart dominerende språket. Virksomheten er internasjonal og alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Arbeidsspråket er engelsk og all intern rapportering foregår på dette språket. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post: <a href="mailto:skatteetaten.no/sendepost">skatteetaten.no/sendepost</a>	22 17 08 60



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er eiet av et norsk selskap som har tillatelse til å benytte engelsk språk og utenlandske selskaper. Eierkretsen er begrenset. Arbeidsspråket er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapene driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland