INDUSTRY LEADING PROVIDER OF LPG AND PETROCHEMICAL TONNAGE

SOLVANG ASA

ANNUAL REPORT 2018

Definitions

Ammonia / NH3
Used as raw material for fertilizer production.

Cbm
Cubic meter. The most common capacity nomination for gas vessels.

CoA
Contract of Affrightment. A CoA is an agreement between ship owner and customer for the transportation of a min-max volume of cargo at a given rate per ton, normally for one or several years.

CVC
Consecutive Voyage Contract. An agreement between ship owner and customer for the transportation from A to B and then return in ballast to A to repeat the voyage consecutively within a given time frame.

Dry docking
Normally related to a vessels periodic maintenance according to class requirements. The intervals are normally 5 years for newer vessels.

Freight rate
The rate paid by customer to owners for the transportation service provided. Calculated either per ton basis or per days basis.

HSEQ
Health, safety, environment and quality.

IFRS
International Financial Reporting Standards. All Norwegian companies quoted at the Oslo Stock Exchange are required to follow this accounting standard.

KPI
Key Performance Indicators. Key figures.

LGC
Large Gas Carrier. LPG vessels between 50.000 cbm and 70.000 cbm. Normal size for newer vessels is 60.000.

LIBOR
London Interbank Offered Rate.

LPG
Liquefied Petroleum Gas.

LTI
Lost Time Incident Ratio measuring the level of injuries in a company or an operation.

MGC
Mid-size Gas Carrier. LPG vessels between 20.000 cbm and 40.000 cbm. Normal size for newer vessels is 38.000 - 40.000 cbm.

Panamax VLGC
Very Large Gas Carrier with a beam of 32,2 meter enabling the vessels to trade through the Panama canal.

Petrochemical Gases
Gases used as input/feedstock in petrochemical industry.

Semiref/Ethylene vessel
A gas carrier capable of transporting cargoes both under high pressure and with full refrigeration.

Spot rate
The rate obtained when chartering out a vessel for a single voyage.

TC
Time Charter. A contract between ship owner and customer for anything between 2 months and several years. All voyage cost such as bunkers, canal and harbour fees are payable by the customer. Operating Cost is for the owner’s account.

VLGC
Very Large Gas Carrier. LPG carriers with over 75,000 cbm load capacity The normal size for modern vessels is 82,000 cbm. As opposed to Panamax VLGC, these vessels cannot sail through the Panama Canal.

Annual Report 2018

1. INTRODUCTION

The Solvang Group has in 2018 been through a restructuring, where ownership of vessels has shifted from participation in ship owning partnerships, to direct ownership for the main part of the fleet, and as majority owner in five remaining shipping partnerships. The accounts for 2018 are to a large extent influenced by this restructuring. The historical accounts which were a combination of ship management and ship ownership are comparable with 2017 up till October 2018, but from October 2018 the accounts are a full consolidation of the company's entire fleet. Further, the consolidation process causes accounting valuations and effects, which as a result renders the 2018 accounts less informative and not easily comparable to the 2017 accounts.

The underlying results for 2018, shows a continuing poor LPG and ammonia market, just marginally better than 2017. This influences both new contracts and existing contracts at floating market rates. The LPG market has been week since 2016 due to many new build deliveries together with lack of arbitrage between east and west.

The Group recorded a loss before tax of USD 11.1 million against a loss of USD 1.1 million in 2017. Negative cash flow was USD 6.6 million compared to negative USD 8.6 million in 2017. Tax expense was USD 0.4 million, and the Group had a loss after tax of USD 11.5 million against a loss of USD 1.4 million in 2017.

The board of directors proposes not to pay dividends for 2018 on the basis of market uncertainties and committed capital expenditures.

2. OPERATIONS

The group's activities are divided in two main segments; Ship-management and Ship-ownership through participation in ship owning companies.

In 2018 we started the work to restructure the group. The consolidation process was based on Solvang ASA being the consolidating party, where partners in shipping partnerships (Norwegian: Partrederier) was offered to sell their shares to Audley Shipholding AS against an establishment of a sellers credit. Thereafter Solvang ASA bought Audley Shipholding and Steensland Victory AS. The seller credit established when the shipping partnership shares was bought was thereafter offered settled by shares in Solvang ASA, alternatively against cash for those who chose to sell out of the group.

Purchase of partnership shares and companies was carried out in October 2018, and final settlement was completed in December 2018. After final settlement the group consist of direct ownership in 20 ships / ships under construction through Clipper Shipping AS, and majority ownership in 5 shipping partnerships with altogether ownership in 7 ships / ships under construction.

Ship-ownership can be divided into three sub-segments for the transportation of Liquefied Petroleum Gas (LPG), ammonia (NH_3) and petrochemical gases:

- 12,000 cbm – 21,000 cbm ships (Semi-refrigerated / Ethylene)
- 38,000 - 60,000 cbm fully refrigerated LPG ships (MGC/ LGC)
- 75,000 – 84,000 cbm fully refrigerated LPG ships (VLGC)

The company's headquarters are located in Stavanger, Norway, and the operation of all the ships, both commercial and technical, are managed from the company's fully integrated shipping organisation.

The company has also a crewing office in Manila, Philippines.

The company operates and has ownership in 27 ships by year end.

3. MARKET

3.1 Semi-refrigerated / ethylene carriers

This sub segment includes semi-refrigerated and ethylene carriers from 8,000 cbm and up. The group had five ships in this sub segment where the ships operate in the spot market, on short term TCand on consecutive voyage contracts.

In March 2017, the group and partners signed shipbuilding contract for four 21,000 cbm ethylene carriers for delivery in 2019. The ships have complete exhaust gas cleaning and Tier III NOx compliance, giving high flexibility with regards to existing and future environmental regulations applicable from 2020.

3.2 LGC/MGC

This sub segment is defined as fully refrigerated LPG ships from 59,000 – 60,000 cbm. The fleet consist of 9 LGC ships. In addition, one MGC of 38,000 cbm is also included in this sub segment. All ships operate on TC with varying length.

The LGC newbuilds from 2015 represent a new type of LGC, with a shorter hull to avoid waiting time in certain areas, and there is considerable amount of development done in order to create the most energy efficient vessels possible. Changes including hull shape, propulsion technology, antifouling technology and cargo systems. Furthermore, the newbuilds are the first LGC LPG carriers in the world with fully integrated exhaust gas cleaning system for both the main and auxiliary engines. This means that the ships comply with all existing environmental standards in Emission Control Areas (ECA) from 2015, and the new expected global standards in 2020.

3.3 VLGC

This sub segment is defined as fully refrigerated LPG ships of 75,000 – 84,000 cbm. Solvang has a total of 7 ships in this sub segment. The group has two Panamax VLGC ships of 75,000 cbm, two Panamax VLGC ships of 78,700 cbm, one VLGC of 82.000 cbm, and two VLGC ships of 84.000 cbm.

The Panamax VLGC's are purpose built for transporting LPG from the Atlantic Ocean and Gulf of Mexico to the west coast of Central America. All vessels are currently on contracts. The "Clipper Victory" and "Clipper Sirius" is on TC to end of 2019, where the "Clipper Sirius" has an option for further 1 year. The two 78,700 cbm newbuilds was delivered directly on 10 years TC from delivery in 2017.

The 82,000 cbm VLGC "Clipper Sun" is on a TC until November 2019. "Clipper Quito" a 84,000 cbm vessel, is on TC to December 2019, and the "Clipper Posh", a 84,000 cbm vessel, is on TC to December 2021.

The group together with a partner ordered in April 2018 an 80,000 cbm Panamax VLGC for delivery autumn 2019. The ship has complete exhaust gas cleaning and Tier III NOx compliance, giving high flexibility with regards to existing and future environmental regulations applicable from 2020. At delivery the vessel will commence a 10 year TC with the partner in the project.

4. PROFIT

(Figures in parentheses refer to 2017)

Following the restructuring of the group, the figures for 2018 is not comparable with the figures for 2017. Up to and including October the group accounts follow the same principles as earlier years where the ownership shares in shipping partnerships are included in the accounts using the equity method of accounting. After the acquisition of Audley Shipholding AS and Steensland Victory AS all ships and Shipping partnership shares are fully consolidated, but with deduction of the minorities' interest in the shipping partnerships.

Operating income increased from USD 10.2 million to USD 31.7 million, due to the above mentioned changes in the group from October 2018.

The group's result after tax was USD -11.5 million (USD -1.4 million). The result for the parent company was NOK 6.0 million (NOK 9.2 million).

4.1 Financial items

The group reported net financial items of USD -5.2 million (USD -0.7million). The corresponding figure for the parent company was a result of NOK 0.1 million (NOK -1.6 million).

4.2 Liquidity and financial strength

At year-end, the group had liquidity consisting of cash totalling USD 29.6 million (USD 6.9 million). The corresponding figure for the parent company was NOK 7.2 million (NOK 28.4 million). Total current assets at year-end was USD 40.4 million (USD 15.3 million), while current liabilities totalled USD 78.8 million (USD 7.1 million). Long-term liabilities and obligations totalled USD 615.1 million (USD 1.4million). For the parent company, total current assets at year-end amounted to NOK 580.5 million (NOK 86.1 million), while short-term liabilities totalled NOK 88.2 million (NOK 100.7 million). The parent company's long-term liabilities and obligations totalled NOK 103.6 million (NOK 11.8 million). Net cash flow from operating activities was USD 10.9 million, compared to an operating loss of NOK -5.9 million. The main difference comes from reversal of depreciation, and changes in working capital as a consequence of the restructuring of the group.

The group's book equity totalled USD 474.1 million (USD 137.5 million) at the year-end.

4.3 Taxes
The group is from 2013 part of the tonnage-tax regime through its subsidiary Clipper Shipping AS. Other companies within the group are taxed ordinary.

All the groups ships and shipping partnership interest by year end are owned under the tonnage-tax regime.

4.4 Financial risk
The group's activities are primarily USD-based, where most of the revenues and the majority of expenses are in USD. Furthermore, the market value of the ships, and thus the greatest share of the assets, is priced in USD. The same applies to the financing of the ships. This entails that the real foreign currency exposure is limited in financial terms.

The group's entire fleet is financed by long-term financing at favourable terms. The group has not entered into any contracts concerning financial derivatives or other financial instruments where there is any particular counterparty risk.

Most of the group's liabilities consist of mortgage debt on ships. This is denominated in USD and priced at a floating LIBOR interest rate. In addition, mortgage debt in certain general partnerships is hedged through fixed interest rate contracts. The group has a satisfactory debt-equity ratio, and this, together with active management of the interest rate exposure, ensures that the risk associated with any change in interest rate levels is acceptable.

The group's fleet is employed in a mix of long & short TC contracts as well as in the spot market. This is a result of a conscious strategy aimed at ensuring earnings and cash flow, while at the same time benefiting from upturns in the market. The development of the world economy makes future market prospects uncertain.

The group has 7 ships on TC contracts in excess of one year. The charterers are oil majors and major operators within the Ammonia market. Credit risk is considered to be limited. The company sees the settlement risk for the business carried out in the spot market as satisfactory.

4.5 General
The year-end accounts are based on the assumption of a going concern. In the opinion of the Board of Directors, the accounts provide a true picture of the results for the year and the company's position at the year-end.

5. ORGANISATION, HEALTH SAFETY AND THE ENVIRONMENT

5.1 Organisation
Both at sea and onshore, the company's primary focus is to ensure continuity on the personnel side. The company strives to establish an interesting and attractive workplace that attracts competent employees, where appraisals and employee surveys are key measures. We believe that we have succeeded in this context and that we have a stable and highly qualified workforce.

Of the company's office staff, 33% are women and 67% are men. Women and men have equal opportunities to qualify for all types of jobs and positions, and they have equal opportunities for promotion. Working conditions are deemed to be good. Salaries reflect the individual's qualifications, regardless of gender.

Solvang is an international company with employees from a number of countries and cultures in addition to Norway. This recruitment policy is important for the future development of the company. The company wants to attract competent employees, regardless of religion, gender, race or sexual orientation.

The company engages in research and development work to optimise the ships' operations and to reduce emissions.

5.2 Health
The group has 44 onshore employees and around 730 sailing personnel. Working conditions on shore and on the ships are considered to be good. Sick leave on board the ships was 0.82%. The group had three incidents that resulted in lost time in 2018. The target is always zero accidents, and the very low injury frequency can be attributes to a conscious attention on this area across the entire group.

Sick leave among the onshore employees was 0.81% in 2018. There were no incidents resulting in personal injury at the office in 2018.

5.3 Board of Directors
The Board of Directors consists of one woman and two men. There is a healthy and positive working relationship between the management and Board of Directors.

5.4 Compensation policy
By offering a complete range of jobs, salaries and other benefits, Solvang aims to be an attractive employer for skilled individuals in all relevant disciplines.

All of Solvang's employees, including the Managing Director, have in 2018 been employed at a fixed salary with no option elements. Salaries are adjusted once a year. The Managing Director's salary is evaluated correspondingly by the Board once a year. A named group of employees with management responsibilities have an incentive plan based on achievements in HSE, economic results and quality. The Incentive plan is set up as a share distribution plan, where maximum achievement is 25% of basis salary. Since the company's shares are not traded on a regulated market place at the moment, the plan has been settled in cash the two last years.

The company has a hybrid pension scheme which covers all employees. In addition, the company has an ordinary insurance scheme covering disability, accidents and death.

The Board is remunerated by fixed directors' fees that are determined annually by the General Meeting. Board members have no bonus or options agreements with the company.

5.5 External environment

The transport of LPG and petrochemical gases by sea entails little risk of emissions or leakage into the sea. Loading and unloading operations are conducted in closed systems, and strict quality and safety requirements reduce the risk of emissions to a minimum.

All transport at sea entails emissions to the air from the combustion of oil by the ships' main and auxiliary engines. Our policy in this area is thus to reduce such emissions as much as practically possible. The group focuses primarily on reducing the consumption of bunkers and lubricants, and has through active measures been able to continue the positive trend achieved in recent years. The modern ships today use up to 40% less fuel compared to ships of same size 20 years ago.

Measurements are carried out regularly using a number of systems. Fuel consumption measured against the distance travelled is one of the most important key figures. Wherever possible, we optimise our speed, in other words the speed that gives the lowest emissions and consumption given the contractual obligations we have towards our customers. These systematic analyses have generated excellent results in only a short timeframe. Our modern fleet is also significantly more environmentally friendly than older ships.

In 2010, the company was certified and approved in accordance with the ISO 14001 environmental standards, and will continue in its work to comply with the standard in future.

5.6 Safety

The company has strict quality and safety requirements, both on board the ships and within the onshore organisation. This is reflected in very good statistics for Loss Time Incident (LTI) injuries, with three incidents in 2018 and only ten incidents in the entire period from 2008-2018, with around 4.2 million working hours per year the later years. This is further demonstrated in our good insurance statistics. In order to ensure that this positive development continues, the company invests significant resources in programmes for the continuous improvement of quality and safety on board and on land. We conduct regular and systematic inspections of our ships as part of this work. The same applies to several of our customers, which includes several major oil companies. There were a total of 327 inspections on our ships in 2018. Of these inspections, 148 were conducted by Solvang, while our customers, port authorities and classification companies conducted a total of 179 inspections.

The company uses the "Best Management Practice" in waters as appropriate according to the situation.

5.7 Corporate Social Responsibility

The group's main contribution to society is to conduct long-term, sustainable and value-added business for our shareholders, employees, customers, suppliers and other relations. Our goal is to ensure that our business practices and investments are sustainable and contribute to long-term economic, environmental and social development. The group's material sustainability areas are within Environment, Finance, Human Resources and Community, including ethics and anti-corruption.

The group recognizes its environmental responsibility and strive to maintain a high standard in order to reduce the environmental impact of its operations. The company has focused on reducing fuel consumption, which is the main source of the shipping sector's emissions of $CO2$, NOx and SOx. Continuous measurements of all consumption are being done, as well as implementing measures and setting clear targets for improvement. Two VLGCs delivered in 2013 were the first in the world of its kind with full exhaust cleaning system (scrubbers). We have continued to pursue this technology, and by the start of 2020 will 15 of the groups ships have full exhaust cleaning systems installed.

With regards to Finances, the company strives for good corporate governance with necessary internal controls, risk management, and solidity.

It is the company's policy to integrate attention to human and labour rights in its existing business. In practice, a large part of human and labour rights are covered by the company's health and safety work. The company values its employees as its most important resource, and always aim to continuously provide and promote high quality of working conditions, both on land and on board ships.

The company believes that corruption hinders well-functioning business processes and suppresses economic development. The group focuses on transparency in its business practices, and compete in a fair and ethical manner. The Board of Solvang ASA has approved a Code of Conduct, a set of ethical guidelines that define the company's ethical standards. The group is furthermore a full member of MACN (Marine Anti-Corruption Network), a network of companies doing knowledge sharing and working actively to reduce corruption in the most exposed areas.

6. FUTURE OUTLOOK

The ethylene fleet has good contract coverage and the segment looks promising for the following years. The fleet balance is as always a challenge, but with expected increased export from US, this segment is expected to be more in balance for the next years. The company will during 2019 take delivery of 4 ethylene new buildings, which will be well timed towards the new export capacity out of the USA. The new terminal will be on stream in 4th quarter 2019.

For the fully refrigerated vessels (VLGC and LGC), 2018 became a year in which the rates fluctuated between levels below operating costs and up to above cash break even rates. The market is characterized by imbalances with too many newbuilds, but also in the form of a lack of arbitration between regions. The lack of arbitration comes as a result of the price of LPG in US has remained at a high level and is driven by several factors such as inventory, internal consumption and other prospects. This imbalance must be corrected, which will take time, and it is expected that rates for 2019 will improve from 2018, but still at times be at challenging levels.

The group had at year-end contract coverage of 89% for 2019 for the fleet, with one vessel operating in spot market and two vessels potentially coming open later in 2019.

7. ALLOCATION OF THE PARENT COMPANY'S PROFIT

Solvang ASA posted a result of KNOK 6,040

The Board of Directors proposes the following allocation:

To other equity: KNOK 6,040

At the year-end, the parent company's equity amounted to KNOK 2,809,313 (KNOK 532,148).

8. SUBSEQUENT EVENTS

Following the reorganization of the Solvang Group, the Group, through its wholly owned subsidiary Clipper Shipping AS, has become the owner of 100% of the ownership interests in 20 vessels, including 4 newbuilding contracts, where two have been delivered within todays date. In connection to this, a refinancing of these vessels has been carried out in March 2019 to consolidate the loans and thereby simplify the administrative work associated with the financing. The refinancing was carried out with Solvang ASA as the borrower together with the subsidiary Clipper Shipping AS.

There are no other subsequent events of material concern.

9. CONCLUSION

The Board of Directors and the management would like to thank all the employees, both at sea and on shore, for their fine efforts during a busy period, where the group delivers strong results in terms of safety, operation and quality. We would also like to thank our customers and suppliers for their good support and cooperation in 2018 and look forward to the same good cooperation in 2019.

Stavanger, 15th May 2019

Translation only, not to be signed

Michael Steensland Brun
Chairman

Ellen Solstad

Jostein Devold

Edvin Endresen
Managing Director

GROUP ACCOUNTS 2018

Profit & Loss | Solvang Group

Amounts in USD 1 000

	Note	2018	2017
Freight income	23	29 340	
Voyage cost		-6 351	
Management fee	12	8 678	10 155
Other income		3	
Total operating income		**31 670**	**10 155**
Crew cost		5 655	
Ship related operating expenses		4 439	
Depreciation vessels	15	6 951	
Amortized Accrued dry-docking cost	14	1 383	
Salaries and other personnel expenses onshore	10	7 448	6 397
Depreciation other fixed assets	15	149	154
Other operating expenses	10	2 279	1 971
Total operating expenses		**28 305**	**8 521**
Ship owning companies equity method	4,5	-690	-1 986
Reorganization effects	22	-8 607	
Operating result		**-5 931**	**-352**
Financial income and cost			
Other affiliated companies equity method	6	3	2
Other financial income	7,12	3 243	1 142
Other financial expenses	8,12	-8 448	-1 871
Net financial items		**-5 203**	**-726**
Ordinary result before tax		**-11 134**	**-1 078**
Tax on ordinary result	9	397	371
Net profit / (loss) for the year		**-11 531**	**-1 449**
STATEMENT OF COMPREHENSIVE INCOME			
Profit / (loss) is attributable to:			
Controlling owners		-11 091	-1 449
Minority interest		-440	
Earnings of the period		-11 531	-1 449
Items that will not be reclassified to profit or loss			
Remeasurements pension liability		11	13
Tax effects of remeasurements pension liability		-3	-3
Items that may be reclassified to profit or loss			
Translation differences to presentation currency		8 097	803
Comprehensive income		**-3 425**	**-636**
Comprehensive income is attributable to:			
Controlling owners		-2 985	-636
Minority Interest		-440	
Total Comprehensive Income		-3 425	-636

Balance Sheet | Solvang Group

Amounts in USD 1 000	Note	31.12.2018	31.12.2017
ASSETS			
Fixed Assets			
Intangible fixed assets			
Deferred tax asset	9		333
Contracts	3	9 746	
Total intangible fixed assets		**9 746**	**333**
Tangible fixed assets			
Leased vessel	15	13 331	
Vessel	15	978 059	
Newbuild contract	15	78 284	
Capitalized dry-docking	14	33 610	
Office equipment, furniture etc.	15	252	384
Total tangible fixed assets		**1 103 536**	**384**
Financial fixed assets			
Investments ship owning companies equity method	4,5		125 047
Investments in affiliated companies	6	32	36
Loan to ship owning companies	12,16		4 894
Other long term receivables	16,18,19	14 325	
Other shares		2	2
Total financial fixed assets		**14 359**	**129 979**
Total fixed assets		**1 127 641**	**130 696**
Current Assets			
Bunkers / lubricant oil etc.		2 886	
Receivables			
Accounts receivable	16	1 227	
Other short term receivables	12,13,16	6 683	8 369
Total receivables		**7 910**	**8 369**
Cash and bank deposits	13	29 559	6 912
Total current assets		**40 355**	**15 281**
TOTAL ASSETS		**1 167 996**	**145 976**

Amounts in USD 1 000	Note	31.12.2018	31.12.2017
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	20	50 135	14 957
Share premium reserve		225 782	
Treasury shares	20		-65
Total paid-in capital		**275 917**	**14 892**
Retained earnings			
Other equity, unrecognized		8 995	118
Retained earnings		131 840	122 442
Minority interest		57 338	
Total retained earnings		**198 173**	**122 560**
Total equity		**474 090**	**137 452**
Liabilities			
Provisions			
Pension liabilities	11	797	1 430
Deferred tax	9	1 971	
Total provisions		**2 769**	**1 430**
Long term liabilities			
Liabilities to financial institution	17,18	573 209	
Lease	19	25 706	
Other long term liabilities	12	13 423	0
Total long term liabilities		**612 338**	**0**
Current liabilities			
Liabilities to financial institution	17	6 821	2 404
Accounts payable		10 661	
Tax payable	9	703	331
Public duties paytable		1 743	1 281
Next year installment mortgage	18	48 793	
Other short term liabilities		10 078	3 077
Total current liabilities		**78 799**	**7 094**
Total liabilities		**693 905**	**8 524**
TOTAL EQUITY AND LIABILITIES		**1 167 996**	**145 976**

Stavanger, 15th May 2019

Translation only, not to be signed

Changes in Equity | Group

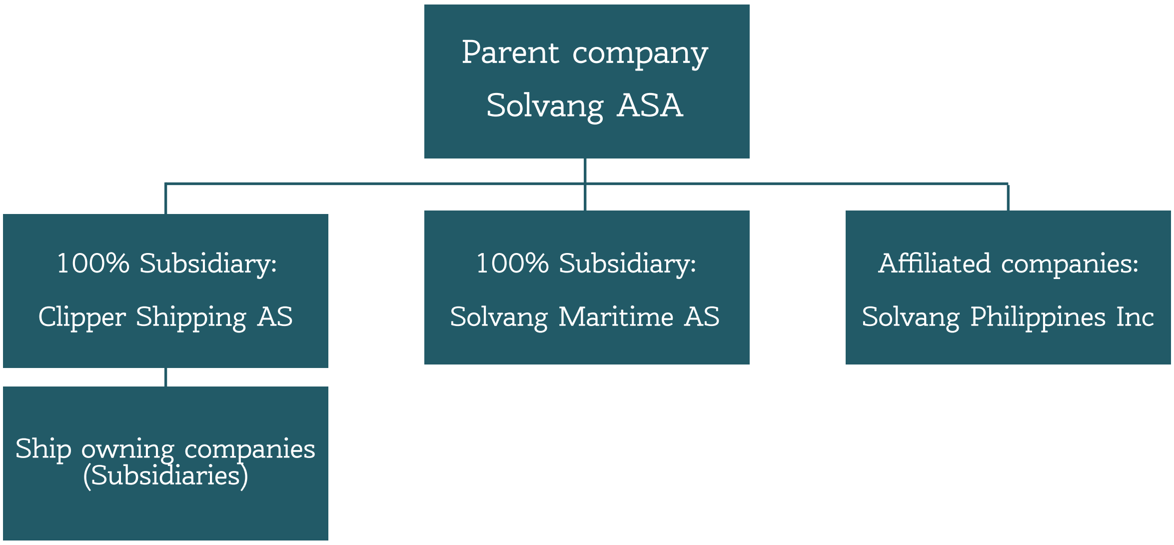
Amounts in USD 1 000	Share capital	Treasury shares	Share premium reserve	Other reserves	Retained earnings	Minority interest	Total equity
2017							
Equity as of 01.01.2017	**14 257**	**-92**			**123 765**		**137 930**
Profit/(loss) of the year					-1 449		-1 449
Remeasurements pension liabilities				10			10
Translation differences presentation curren	700	-5		108			803
Total comprehensive income	**700**	**-5**		**118**	**-1 449**		**-636**
Buy back / Sale treasury shares		32			126		158
Total changes in equity for the year	**700**	**27**		**118**	**-1 323**		**-478**
Equity as of 31.12.2017	**14 957**	**-65**		**118**	**122 442**		**137 452**

	Share capital	Treasury shares	Share premium reserve	Other reserves	Retained earnings	Minority interest	Total equity
2018							
Equity as of 31.12.2017	**14 957**	**-65**		**118**	**122 442**		**137 452**
Profit/(loss) of the year					-11 091	-440	-11 531
Remeasurements pension liabilities				9			9
Translation differences presentation curren	-774	3		8 868			8 097
Total comprehensive income	**-774**	**3**		**8 877**	**-11 091**	**-440**	**-3 425**
Paid dividend					-483		-483
Decrease treasury shares	-62	62					
Minority interest at group establishment						55 506	55 506
Minority share of capital increase in subsid						2 272	2 272
Capital increase by debt conversion	36 014		225 782		20 973		282 769
Total changes in equity for the year	**35 178**	**65**	**225 782**	**8 877**	**9 398**	**57 338**	**336 638**
Equity as of 31.12.2018	**50 135**		**225 782**	**8 995**	**131 840**	**57 338**	**474 090**

Cash Flow Statement | Group

Amounts in USD 1 000	Note	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before tax		-11 134	-1 078
Tax paid for the period	9	-331	-321
Depreciation and amortisation	15	7 100	154
Difference between expensed pension and paid in/out	11	-622	-126
Reorganization effects	22	8 607	
Result in affiliated ship owning companies	4,5	690	1 986
Result in affiliated companies	6	-3	-2
Changes in inventories, trade receivables and trade payables		19 991	
Changes in other current balance sheet items		-10 727	-657
Financial income	7	-2 955	-854
Financial expenses	8	332	1 776
Net cash flow from operating activities		**10 948**	**877**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale / purchase of tangible fixed assets	15	-1 747	-160
Payments newbuilding contracts	15	-13 194	
Net changes Investment affiliated companies	6	7	7
Payments from ship owning companies	5	7 860	
Payments to ship owning companies	5,12	-15 376	-10 943
Net cash flow from investing activities		**-22 451**	**-11 096**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from other debt (long term)	18	13 000	
Repayment of debt (long term)	18	-11 809	
Payment short term debt related to restructuring process		-2 158	
Changes in overdraft facility	17,18	4 416	1 430
Purchase / sale of treasury shares	20		157
Minority interest share of capital call in subsidiary		2 272	
Dividend payment	20	-483	
Net cash flow from financing activities		**5 238**	**1 587**
Effect of exchange rate changes on cash and cash equivalents		-376	-4
Net change in cash and cash equivalents		-6 641	-8 636
Cash and cash equivalents 01.01		6 912	15 548
Addition cash related to group establishment		29 288	
Cash and cash equivalents 31.12		**29 559**	**6 912**

NOTE 1 - CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES



CORPORATE INFORMATION

Solvang ASA is a public limited company incorporated and domiciled in Norway. The shares were previously publicly traded on Oslo Børs, but the company was delisted on 1st February 2018. The company was incorporated in 1936, and the address of the registered office is: Solvang ASA, Strandkaien 36, 4005 Stavanger, Norway.

Solvang ASA and its subsidiaries' ("Solvang" or "the Company") business is fully concentrated on shipping and ship owning activities. In 2018, the Solvang group has been through a restructuring process which means that the ship-owning companies that previously have been treated as an affiliated company treated according to the equity method, as of November 2018 will be fully consolidated subsidiaries..

As of 31.12.18, Solvang's fleet consists of 22 ships that carry liquid petrochemical gases, liquefied petroleum gases and ammonia. In addition there are five newbuild contracts under construction for delivery in 2019.

BASIS OF PRESENTATION

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in US Dollars (USD).

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the EU-adopted and appurtenant interpretations and additional country-specific disclosure requirements according to the Norwegian Accounting Act in effect as of 31st of December 2018.

The proposed consolidated financial statement was approved by the board of directors and the managing director on the date which appears on the dated and signed balance sheet. The consolidated financial statement will be handled by the annual general meeting on 28 May 2019 for final approval. Until final approval, the board is authorised to amend the consolidated financial statement.

Basis of consolidation

The consolidated financial statements of Solvang ASA comprise the financial statements of Solvang ASA and its subsidiaries. Subsidiaries are all entities in which the Group has control. Whether control exist is based on an assessment of the partnership agreement for each investment together with the legislation that regulates the companies. The parent company's role as the managing director and other circumstances means that the group might also have control in ownership less than 50%. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. As of 31 December 2018, Solvang ASA has following subsidiaries:

- Solvang Maritime AS (100%)
- Clipper Shipping AS (100%)
  - PR Etylen DA (100%)
  - PR Clipper Mars DA (49,5%)
  - PR Clipper Victory DA (99%)
  - PR Clipper Sirius DA (61,875%)
  - PR Clipper Sun II DA (50%)
  - PR Clipper Victory II DA (99%)
  - PR Clipper Posh DA (100%)
  - PR LGC DA (100%)
  - PR Clipper Odin DA (95%)
  - PR Etylen II DA (100%)
  - PR VLGC DA (70,80%)

Consistent accounting policies are applied throughout the group.

All intercompany balances, transactions, income and expenses together with unrealized profits and losses resulting from intercompany transactions that are recognized in assets, have been eliminated.

Minority interests
Minority interests are included in the group's income statement and are specified as minority interests. Correspondingly, minority interests are included as part of the group's shareholders' equity and are specified in the consolidated balance sheet.

Functional Currency
The functional currency of an entity is the currency of the primary economic environment in which the entity operates. Normally, that is the currency of the environment in which an entity primarily generates and expends cash. The parent company, Solvang ASA, has Norwegian kroner (NOK) as the reporting currency. Investments in ship owning companies (up until October 2018 accounted for using the equity method) have US dollar (USD) as the functional currency. The subsidiaries Clipper Shipping AS and Solvang Maritime AS changed from NOK to USD as functional currency with effect from 1 January 2018. Exchange differences arising from the translation from the functional currency to the presentation currency are recognized in the comprehensive income, net of any deferred tax. Share capital and similar equity items in the parent company are translated at the exchange rate on the balance sheet date.

Changes of Presentation currency
From 2018, the Solvang Group has changed its presentation currency in the consolidated financial statements from Norwegian kroner (NOK) to US Dollars (USD). This is due to the fact that most of the Group's activities are now primarily exposed to USD, and this is the functional currency for the majority of the companies in the Group. As a change in presentation currency entails a change in principle, the comparative figures have also been retrospectively converted into USD. All currency translation differences are set to zero from 1 January 2017.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Estimation uncertainty
The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting periods. The most significant estimates and assumptions relate to fixed asset impairment tests. We evaluate these estimates on an ongoing basis, utilizing past experience, consultations with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates.

The key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date and which have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of tangible fixed asset
The company invests in ships directly or through shipping partnerships. The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount, which is the higher of fair value less costs to sell or value in use.

All tangible fixed assets are evaluated for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. This requires an estimation of the asset's value, which, if available, is based on market appraisals or value in use.

The value in use is determined on the basis of the total estimated discounted future cash flows, excluding taxes. In determining impairment of fixed assets, management must make judgments and estimates to determine the cash flows generated by those assets. Discount rates must also be estimated. Assumptions used in these estimates are consistent with internal forecasts. To support management's estimates, market outlook and considerations provided by the joint/venture chartering companies have been used.

If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment is reflected through the Company's share of income/(loss) from ship owning companies in the profit and loss account.

The Company considers whether there is a basis for reversing previous asset impairment write-downs, using the same evaluation criteria as for impairment. If the review suggests that there is a basis for reversal, the carrying amount is reversed to the estimated fair value, limited to the carrying amount the asset would have had if no impairment had been recognized.

SIGNIFICANT ACCOUNTING POLICIES

Revenue and expense recognition
All freight revenues, demurrage and shipping costs for travel are accounted for on a continuous basis (percentage of completion).

The Group's revenues derive mainly from TC contracts. Revenue from such contracts is recognized on a straight-line basis over the contract period as the service is performed. Ongoing operating expenses related to vessels on a TC contract are expensed as they accrue.

To a lesser extent, the Group has income related to spot contracts. Such income is recognized on the basis of the "load-to-discharge" principle (2017: "discharge-to-discharge"). Under this method, freight revenues are recognized on a straight-line basis over the period from loading ("load") for the journey to unloading the same journey ("discharge"). The management uses judgment when estimating the number of days per journey based on historical information, technical specifications on the ship and distance. Variable elements in the remuneration, including demurrage, are recognized with the amount most likely to be, based on historical experience. Contract costs incurred before loading are capitalized and recognized in the income statement on a straight-line basis over the contract period.

The above principles are also used as a basis for calculating the share of profit from the group's investments in shipping partnerships until the end of October 2018. During the same period, the group has had revenues related to the management fee for the vessels in the shipping partnerships. These revenues are recognized on a straight-line basis over the contract periods. From November 2018, these revenues are eliminated in the consolidated accounts.

Foreign currency transactions
Transactions in foreign currencies are recorded using the exchange rate at the transaction date. Balances denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign currency gains and losses are recorded as financial items when incurred.

Investments in shipping partnerships – equity method
The equity method is used for investments in limited partnerships and shipping partnerships in which the Company has significant influence. The Company's share of profits and losses are adjusted to include amortization of excess value on ships if the original cost of the owner interest is higher than the acquired share of booked equity. As of November 2018 the company has no ownership in shipping partnerships recognized under the equity method of accounting, as the companies from the same time have been consolidated as subsidiaries.

Vessels
In the ship owning companies, the ships are booked at cost less accumulated depreciation and impairment write-downs. Cost includes the expense of adding/replacing part of a ship, machinery or equipment when that expense is incurred if the recognition criteria are met. The carrying amount of those parts that are replaced is derecognized.

Depreciation of ships is computed using the straight line method over estimated useful life. The depreciable amount is determined after deducting the residual value of the asset. The cost of ships has been categorized separately by its main components, and useful life has been determined for each component. The average useful life for gas ships is 30 years.

A part of the original cost of ships is allocated to periodical maintenance. Periodical maintenance for ships is recognized in the balance sheet and expensed over the period up to the next periodical maintenance. Current maintenance is expensed as incurred.

When assets are sold or retired, their costs and related accumulated depreciation are removed from the balance sheet and any gain or loss is included in net income.

Estimates of useful life, residual values and methods of depreciation are reviewed at each financial year end and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimate. The estimated useful life of the ships could change, resulting in different depreciation amounts in the future.

Periodic maintenance
Periodic maintenance of ships is recognized in the balance sheet and expensed over the period up to the next periodic maintenance. When a ship is purchased a share of the purchase price is recognized as periodic maintenance. Current maintenance is expensed as incurred. In connection with incidents that are covered by insurance, the franchise is expensed at the time of the incident. Claim on the insurances underwriters is recognized in the balance sheet.

Other fixed assets
Other fixed assets are stated at cost, less accumulated depreciation and impairment write-downs. Depreciation is straight-line over the estimated useful life of the asset. When assets are sold or retired, their costs and related accumulated depreciation are removed from the balance sheet and any gain or loss is included in net income. Estimates of useful life, residual value and method of depreciation are reviewed at each financial year end and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimate.

Financial instruments
Financial assets are recognized on the contract date, when the group becomes party to the contractual provisions of the instrument. Initially, all financial assets which are not recognized at fair value through profit or loss are recognized in the balance sheet at fair value including transaction costs. Financial assets which are recognized at fair value through profit or loss are recognized at the time of acquisition at fair value and the transactions costs are recognized.

The group derecognizes a financial asset when the contractual right to the cash flow from the asset expires or when the group transfers the contractual right to a transaction where substantially all the risks and rewards of ownership of the financial asset are transferred. All rights and obligations that are created or retained in this type of transfer are recognized separately as assets or liabilities.

Following the implementation of IFRS 9, the Group classifies its financial assets in the categories fair value through profit and loss and amortized cost. Measurement category is determined by initial recognition of the asset. The classification depends on the business model for managing financial instruments, as well as the characteristics of the cash flows of the individual financial instrument. The Group's receivables are held in a business model where the purpose is to collect contractual cash flows, and are therefore normally accounted for at amortized cost.

Financial assets at fair value through profit or loss
Financial assets at fair value include financial assets held for trading and financial assets that are classified as assets at fair value through profit or loss at the time of accounting. Financial assets are classified as held for trading if they are acquired for the purpose of selling them shortly. Financial assets are designated at fair value through profit or loss if management and acquisition and sales decisions are based on the instrument's fair value in accordance with the group's documented risk management or investment strategy. Instruments are measured at fair value, and changes in value are recognized in profit or loss.

Financial assets at amortized cost

Financial assets at amortized cost include financial assets held to collect contractual cash flows that are solely the payment of principal and outstanding interest on principal. After initial recognition, the assets are measured at amortized cost using the effective interest method, less any impairment loss.

Financial assets are recognized on the contract date, when the group becomes party to the contractual provisions of the instrument. Initially, all financial assets which are not recognized at fair value through profit or loss are recognized in the balance sheet at fair value including transaction costs. After initial recognition, such liabilities are measured at amortized cost using the effective interest rate method.

Financial assets and obligations are presented net if the group has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Pensions

As of 01.01.2017 all employees are members of the newly established defined contribution hybrid pension scheme with investment choices. All employees are then member of the same pension scheme and the old general schemes were terminated. The company has no remaining obligations to the old schemes that have been settled. However, the non-funded schemes will continue as before and consist of defined benefit plans and defined contribution plans.

Defined benefit pension plan

The Company has non-funded pension obligations for three pensioners, which are not covered by the general pension plan. The present value of benefit obligations is calculated based on actuarial methods, and compared with the value of pension assets. The net amount of the present value of benefit obligations and pension assets, adjusted for unrecognized changes in estimates, is included under long-term liabilities or non-current assets. Net pension costs (benefits earned during the period including interest on the projected benefit obligation, less estimated return on pension assets and amortization of accumulated changes in estimates) are included in salaries and other personnel expenses.

Gains and losses resulting from the remeasurements of the pension liability based on experience variances and changes in actuarial assumptions are recognized in equity through other comprehensive income in the period they occur.

Contribution based pension plan

For contribution based pension plans, the company pays contributions to a public or private managed pension plan. The company has no further payment obligations after the contribution have been paid. Contributions are recognized as personnel expenses in line with the obligation to pay contributions accrue.

Taxes

The companies in the Group, with the exception of Solvang ASA and Solvang Maritime AS, are covered by the Norwegian tonnage tax regime. Consequently, these companies pay tonnage tax and otherwise only income tax on net financial items as well as recognition of the gain / loss account within the scheme. Deferred tax assets in tonnage taxed companies are generally not recognized, as it is not considered likely that the group will be able to utilize this benefit.

Income tax expense consists of taxes payable and the net change in deferred taxes arising as a result of temporary differences. Tonnage tax is recognized in the profit and loss account as a ship-related operating cost.

Current tax for the current and prior periods is measured at the amount expected to be paid to the tax authorities for present and earlier years. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

Change deferred taxes reflect the future tax effects resulting from the activities for the period. Deferred taxes in the balance sheet are calculated on the basis of temporary differences between financial and taxable values, with consideration for taxable losses carried forward. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Dividends

Dividends proposed by the Board of Directors are not recorded as liability in the financial statements until they have been approved by the shareholders at the annual general meeting.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. The Company believes that all transactions between related parties are based on the principle of arm’s length (estimated market value).

Business areas/segments

Ship management and ship ownership are the business areas for Solvang. Ship ownership is further divided based on type and size of ship. Solvang has ownership interests in gas ships. These ships are divided into three types based on size, semi-ref ships from 12,000 – 17,000 cbm, MGC/LGC ships from 38,000 - 60,000 cbm and VLGC ships above 75,000 cbm.

Cash flow statement / Cash and cash equivalents

The Company uses the indirect method for calculating cash flow statements. Cash flows generated by investment and financing activities is shown gross, while for operations a reconciliation is shown between profit for the year and cash flows from operating activities. Cash and cash equivalents include cash and bank deposits.

NEW IFRS AND IFRIC INTERPRETATIONS

There are no new or changed IFRSs or IFRIC interpretations that are effective for the 2018 financial statements, which is considered to have or expected to have a material impact on the Group. The following new / amended standards have come into force from 1 January 2018.

<u>IFRS 9 - Financial Instruments:</u>
IFRS 9 replaced IAS 39 and was approved for use by the EU in December 2016. IFRS 9 is effective for annual reporting periods beginning on or after 1st January 2018. The new standard will have no significant impact on the financial statements except for possible increased disclosure requirements.

<u>IFRS 15 – Revenue from contracts with customers:</u>
This is a new common standard for revenue recognition effective for annual reporting periods beginning on or after 1st January 2018. The standard replaces all existing IFRS requirements for revenue recognition. The core principle of IFRS 15 is that revenue is recognized to reflect the transfer of the contracted goods or services to customers, and then to an amount that reflects the consideration the company expects to be entitled in exchange for those goods or services. The group has reviewed the various types of contracts in place and concluded that there are only spot contracts that, with the new standard, will affect the consolidated financial statements compared to the previous standard. For such income, IFRS 15 implies a change from the previously applied “discharge-to-discharge” principle to the “load-to-discharge” principle. The effect will in fact only be a shift of period from one year to the next. As of 01.01, there was only one ship that sailed in spot and thus had to be assessed with effect to the consolidated accounts. Effect of the Group as at 1st January <KUSD 100. In addition to any increased disclosure requirements, the changes therefore had no significant impact to the consolidated financial statements.

New standards and interpretations which have not come into force.

There are a number of new standards and interpretations that have been adopted but not yet made effective for the year ending 31 December 2018. For example

<u>IFRS 16 – Leasing:</u>
IFRS 16 will replace IAS 17 and expect to become effective for annual reporting periods beginning on or after 1st January 2019. IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties in a lease. The new standard requires that the lessee recognizes the assets and liabilities of most leases, which is a significant change from current policies. For the lessor IFRS 16 continues essentially all existing principles in IAS 17. The Group will use the exemption rules relating to leases with duration of less than 12 months and assets of low value (inventory, office equipment, etc.), and expense them as they accrue. Based on a review of the Group’s lease agreements, it is considered that only lease of office premises will be affected by the transition to IFRS 16. The Group will use the modified retrospective transition method, so that the right of use is set equal to the lease obligation as of 1 January 2019. Based on marginal borrowing interest, which is estimated to 4.9%, it is expected that the lease obligation at the time of transition will amount to approx. MUSD 2.9.

The Group has not used early adoption of any new or amended IFRSs and IFRIC interpretations, and based on the information known to Solvang ASA at the reporting date (when the financial statements are prepared) it has been determined that these will most likely not have a material effect on the consolidated accounts for Solvang ASA in 2018.

NOTE 2 - FINANCIAL MARKET RISK

The group is exposed to credit risk, liquidity risk and market risk by use of financial instruments.

Credit risk
Credit risk is risk for financial loss if a counterpart to a financial instrument does not manage to fulfil its obligations under the contract. There are attached credit risk to the group's receivables. Receivables are mainly towards affiliated ship owning companies included using the equity method of accounting. As manager for these companies, we have a good view of their financial standing, and the credit risk is considered minimal.

Liquidity risk
Liquidity risk is the risk for the group not being able to fulfil its financial obligations as they fall due. Shipping is a cyclical business, and the group has therefore chosen to be well capitalized, and have a significant cash position. As of 31.12.2018 the liquidity reserves amount to 2.5 % of the total balance sheet. The liquidity reserves inclusiv short term receivables amount to 3.2%. Current liabilities together with next year liability of installment mortgage loans amount to 6.7 % of the balance sheet. The liquidity risk is considered acceptable and are monitored continously.

Market risk
Market risk is risk for changes in market prices, such as exchange rates on currency, interest rates and share prices, influence on income or value of financial instruments. There is attached financial market risk to bank deposits (exchange rate) and loans (exchange rate and interest rates). In addition the group is exposed to market risk related to mortgage loans in the ship owning companies (interest rates). The groups activities are mainly USD based, and deposits are to a large extent held in USD to reduce exchange rate risk. The group is mainly exposed to interest rate risk through mortgage loan in the ship owning companies. These loans are priced at floating LIBOR rate + margin. Interest rate exposure is actively handled, and parts of the loans are secured by fixed interest rate contracts to reduce interest rate risk. Due to a conservative strategy regarding financial instruments, and active handling of market risk, we are of the opinion that the groups market risk is satisfactory seen in relation to the balance sheet.

Asset management
The board's goal is to keep a sufficient capital base, to maintain confidence from investors, creditors and the market in general, and to develop the business activity. The Board considers any investments in financial instruments continuously. The Group currently has no investments in financial instruments with the exception of two interest swap (ref note 18). Capital return is monitored by the board. There has not been made any changes in how asset management is approached during the year. None of the group's companies is subordinated external capital requirements.

SENSITIVITY ANALYSIS

Change in exchange rates		**Value change**
Bank deposits	10 % increase of exchange rates	191
	10 % reduction of exchange rates	-191

Change of interest rates		**Effect on profit or loss**
Mortgage loans of vessels	100 basis points increase of interest rates	-6 236
	100 basis points reduction of interest rates	6 236

Effect of change of interest rates for bank deposits is evaluated insignificant, and there is not made a sensitivity analysis.

NOTE 3 - INTANGIBLE ASSETS

In connection with the group establishment in October 2018, a review of the underlying balance sheet items was made for the identification of possible excess / lower values, and in connection to this, additional values were identified on two of the TC contracts, which were thus separated and capitalized in the group.

TC CONTRACTS	**2018**	**2017**
Book value as of 01.01	0	0
Discounted contract value added in relation to group establishment	10 537	
Current year amortized cost	-792	
Book value as of 31.12	9 746	0
Minority interest share of book value as of 31.12	3 241	0

NOTE 4 - SHIPPING ACTIVITY

SHARE IN SHIP OWNING COMPANIES UNDER THE EQUITY METHOD OF ACCOUNTING, SHARE OF P&L AND BALANCE SHEET ITEMS

Company	Owner-ship %	Freight earnings on T/C base	Operating expenses	Depreciation	Net financial items	Net profit	Share vessel	Share accr. dry-docking	Share current assets	Share long term liabilities	Share current liabilities	Share uncalled capital as of 31.12.2018	Net book value balance sheet at 31.12.2018
PR Etylen II DA	25,00 %	0	77	0	-2	-79							
PR Etylen DA	27,48 %	8 651	4 475	2 929	-1 313	-66							
PR Clipper Mars DA	15,00 %	1 349	387	364	-41	557							
PR Clipper Sirius DA	18,75 %	4 037	1 478	1 311	-795	453							
PR Clipper Posh DA	20,00 %	1 866	540	471	-263	593							
Victory DIS	16,83/33%	2 214	1 204	1 036	-360	-386							
PR Clipper Sun II DA	20,00 %	642	536	509	-272	-676							
PR LGC DA	23,33 %	8 865	5 070	3 739	-1 360	-1 305							
PR Clipper Odin DA	30,00 %	1 693	782	502	-191	219							
Total 2018		29 315	14 549	10 861	-4 596	-690							
Total 2017		31 466	17 147	12 203	-4 101	-1 986	261 379	4 463	14 647	140 534	14 909	6 732	125 047

In 2018, the Solvang group has been through a restructuring process which means that the ship-owned companies that previously have been treated as an affiliated company treated according toIn 2018, the Solvang group has been through a restructuring process which means that the ship-owned companies that previously have been treated as an affiliated company treated according to the equity method, as of November 2018 will be fully consolidated subsidiaries. Minority interest is separated in equity where applicable. The book result from associated companies will thus only be earnings up to and including October 2018, as the last two months are fully consolidated and shown in the ordinary result and balance sheet.

NOTE 5 - SHIPPING ACTIVITY

SHARE IN SHIP OWNING COMPANIES UNDER THE EQUITY METHOD OF ACCOUNTING

		2017				2018					
Company	**Owner-ship in %**	**Balance 01.01.2017**	**Share profit of the year**	**Investments/ repayments/ sale**	**Balance 31.12.2017**	**Balance 01.01.2018**	**Share profit of the year**	**Other**	**Investments/ repayments/ sale**	**Transition to group**	**Balance 31.12.2018**
PR Etylen II DA	25,00 %		-17	4 980	4 963	4 963	-79		1 375	-6 260	0
PR Etylen DA	27,48 %	31 847	1 030		32 877	32 877	-66		3 298	-36 108	0
PR Clipper Mars DA	15,00 %	6 312	619		6 931	6 931	557			-7 488	0
PR Clipper Sirius DA	18,75 %	10 355	-796		9 559	9 559	453			-10 012	0
PR Clipper Posh DA	20,00 %	7 255	658		7 913	7 913	593		-600	-7 906	0
Victory DIS	16,83/33%	14 989	-707		14 281	14 281	-386	10 204	-7 260	-16 839	0
PR Clipper Sun II DA	20,00 %	6 548	-690		5 858	5 858	-676		500	-5 682	0
PR LGC DA	23,33 %	39 385	-1 693		37 692	37 692	-1 305			-36 388	0
PR Clipper Odin DA	30,00 %	5 362	-389		4 973	4 973	219			-5 192	0
Total		122 053	-1 986	4 980	125 047	125 047	-690	10 204	-2 687	-131 874	0

Registered office for ships operated by Solvang ASA, are in Stavanger. The right to vote is according to pro rata, ownership share.

Some of the companies which is included under the equity method of accounting has loan agreements with financial institutions which restricts distribution to the owners. This can be requirement for minimum cash holdings, working capital, or written approval from the lender before distribution to owners.

In 2018, the Solvang group has been through a restructuring process which means that the ship-owned companies that previously have been treated as an affiliated company treated according to the equity method, as of November 2018 will be fully consolidated subsidiaries. Minority interest is separated in equity where applicable. The book result from associated companies will thus only be earnings up to and including October 2018, as the last two months are fully consolidated and shown in the ordinary result and balance sheet. Ref note 22 for further information.

NOTE 6 - OTHER AFFILIATED COMPANIES

SHARE IN AFFILIATED COMPANIES INCLUDED UNDER THE EQUITY METHOD OF ACCOUNTING

Company	Ownership	Historical cost	Book equity at acquisition	Incoming balance 01.01.2018	Share profit of the year	Dividend	Translation	Outgoing balance 31.12.2018
Solvang Phillipines Inc	25 %	102	102	36	3		-7	32
Total		102	102	36	3		-7	32

Solvang Philippines Inc. is located in Manila, Philippines.
Voting rights are according to pro rata ownership share.

We have not received final audited accounts from the companies, and results presented in this note is by definition estimates.

NOTE 7 - FINANCIAL INCOME

	2018	**2017**
RECEIVABLES		
Interest income	288	283
Currency gain	2 955	854
Total receivables	3 243	1 137
Other financial income		5462
Total	3 243	1 142

NOTE 8 - FINANCIAL EXPENSES

	2018	**2017**
LOANS		
Interest and banking expenses	6 136	9
Currency loss	332	1 776
Total loans	6 468	1 785
Other financial expenses	1 981	86
Total	8 448	1 871

NOTE 9 - TAX

TAX EXPENSES FOR THE YEAR	2018	2017
Payable tax	1 031	330
Gross changes in deferred tax / deferred tax assets	-540	29
Herof changes booked through other comprehensive income	-3	-3
Effect of changed tax rate	-90	14
Translation differences	-1	0
Tax previous years	0	0
Total tax on income for the year	397	371

SPECIFICATION OF TEMPORARY DIFFERENCES:	31.12.2018	31.12.2017
Long term temporary differences		
Tangible fixed asset	-56	-16
Pension liabilities	-797	-1 430
Gain-/loss account of entry into tonnage tax system	9 814	
Tax loss carry-forward	-13 278	-4 706
Total basis for deferred tax	-4 316	-6 153

ANALYSIS OF RECOGNISED DEFERRED TAX IN RESPECT OF EACH TYPE OF TEMPORARY DIFFERENCES AND UNUSED TAX LOSSES

			Changes	
	31.12.2018	31.12.2017	2018	2017
Temporary differences				
Tangible fixed asset	-12	-4	-9	-4
Pension liabilities	-175	-329	154	48
Gain-/loss account of entry into tonnage tax system	2 159		2 159	
Tax loss carry-forward	-2 921	-1 082	-1 839	91
Total deferred tax / tax asset (22%/23%)	-950	-1 415	466	135
Deferred tax asset not recognised (22/23%)	-2 921	-1 082	-1 839	91
Total recognised deferred tax (22%/23%)	1 971	-333	2 304	44
Deferred tax provided by acquisition		2 934	-2 934	
Adjusted deferred tax after acquisition		2 601	-630	
Change deferred tax recognized through profit and loss account			-632	40
Other changes deferred tax (recognized through OCI)			3	3
Total			-630	44

Changes in deferred tax recognized through other comprehensive income consist of tax effect related to remeasurements of pension liabilities.

Reconciliation tax expenses for the year	2018	%	2017	%
23/24% of ordinary income/loss before tax	-2 561	23 %	-259	24 %
23/24% effect of permanent differences related to shares		0 %	1	0 %
23/24% effect of other permanent differences	3 049	-27 %	656	-61 %
Translation differences	-1	0 %	10	-1 %
Effect of changed tax rate	-90	1 %	14	-1 %
Effect of deferred tax asset not recognised		0 %	-52	5 %
Tax cost according to Profit & Loss account	397	-4 %	371	-34 %

The Group's subsidiary, Clipper Shipping AS enters into the tonnage tax scheme in 2013, and is therefore only assigned tax on financial records in accordance with the tonnage tax regulations. Clipper Shipping AS is the owner of the investments in ship owning companies which result will then also be taxed under the tonnage tax regime.

There is no tax payable for 2018 under the tonnage tax regime, except for the tonnage tax itself which is reported as other operating expences from 2016, and this years income of gain/loss account related to entry into tonnage tax system.

It is not recognized deferred tax assets related to finance deficits within the tonnage tax regime.

NOTE 10 - PAYROLL EXPENSES

PERSONNEL EXPENSES	2018	2017
Salary	5 646	4 734
Employers tax	896	779
Pension cost	614	545
Other benefits	292	338
Total personnel expenses	7 448	6 397
Number of employees	44	40

REMUNERATION (IN USD 1000)	2018	2017
Managing Director (CEO)		
Salary	320	289
Bonuses	61	
Pension cost	42	39
Other remuneration	14	17
Director Marine Operations (CTO)		
Salary	244	242
Bonuses	46	
Pension cost	26	25
Other remuneration	11	16
Director Commercial Operations (CCO)		
Salary	250	243
Bonuses		
Pension cost	40	38
Other remuneration	16	16
Total remuneration to key management personnel	1 070	926
Number of individuals included in key management personnel	3	3
Board of Directors		
Remuneration	107	79
Total remuneration to key management personnel and Board of Directo	1 177	1 004

The Managing Director and Director Commercial Operations have an additional contribution based pension of 15% of salary above 12G. The Managing Director has additional agreement of one year pay after termination of employment.

The company's senior executives are employed on a fixed salary. The Company has not granted loans or guarantees to any of its employees.
In 2017, the company introduced an incentive scheme for senior executives based on achievement in HSE, finance and quality. The incentive scheme was set up as a share grant with a maximum of 25% of the basic salary. Settlement for the current year will be made during the first quarter of the following year. Due to the ongoing restructuring process (ref note 22), the settlement for the 2018 financial year will be a cash consideration.

Auditor

Remuneration to auditor consist of the following	2018	2017
Audit mandatory by law	74	52
Other certification services	9	
Tax advisory services	2	
Other non-audit services	13	
Total	**99**	**52**

NOTE 11 - PENSION COST AND PENSION LIABILITIES

The company is obligated to have a pension plan according to the Act on Mandatory company pension, and has a pension plan which follows the requirement as set in the Act on Mandatory company pension.
As of 1.1.2017 all employees became members of the new defined contribution hybrid pension scheme with investment choices. All employees are now members of the same pension scheme. Deposits in the scheme for 2018 are MNOK 3.3.

Funded plans

The funded plans for onshore employees were closed and settled as of 2016 and replaced by a defined contribution hybrid scheme with investment choices as of 1/1-17. The company has no remaining obligations related to the old arrangements that have been settled. For seafarers, the Group has an old defined benefit plan which as of 31.12 has 25 members, of which 17 are pensioners. The plan is closed for new employees. New seafarers will be covered by a defined contribution scheme.

Non-funded plans

The group also has non-funded pension obligations for 2 pensioners, and for the Managing Directors and Director of Commercial operations, which are not covered by the general pension plan. The pension obligations for the Managing Director and Director of Commercial Operations include early retirement pension and pension for salary exceeding 12 G.

Assumptions

Pension liabilities and pension costs are calculated by a third party independent actuary, and are valued according to Revised IAS 19. Changes in pension liabilities due to actuarial assumptions and differences between actual and expected return on plan a assets are recognized in other comprehensive income. The following Assumptions were used for non-funded plans:

	2018	2017
Discount rate	2,60 %	2,40 %
Expected salary increases	2,75 %	2,50 %
Rate of pension increases	1,50 %	1,50 %
Increase of National Insurance Basic amount (G)	2,50 %	2,25 %
Expected return on plan assets	2,60 %	2,40 %
Social Security Tax	14,10 %	14,10 %
Disability tariff	KU	KU
Mortality tariff	K2013	K2013

Net periodic pension cost:	***Non-funded plans***		***Funded plans***	
	2018	**2017**	**2018**	**2017**
Current service cost		54	50	
Net interest expense /(income)	23	30	-5	
Past service cost	-186	-83		
Administrative expenses			3	
Social Security Tax	-23			
Net pension cost	-186	1	48	

Present value of benefit obligation	***Non-funded plans***		***Funded plans***	
	2018	**2017**	**2018**	**2017**
Present value of benefit obligation at January 1	1 236	1 375	1 466	
Remeasurements	-74	-12	-15	
Present value of the service cost		54	47	
Net interest cost on benefit obligation	22	30	33	
Past service cost	-174	-83		
Pensions paid during the year	-186	-128	-203	
Present value of benefit obligation at December 31	824	1 236	1 327	0

Fair value of plan assets	***Non-funded plans***		***Funded plans***	
	2018	**2017**	**2018**	**2017**
Fair value of plan assets at January 1			1 731	
Remeasurements			-29	
Actual return on plan assets			37	
Company contributions			28	
Administrative expenses			-23	
Past service cost				
Pensions paid during the year			-203	
Fair value of plan assets at December 31			1 540	0

NOTE 11 - PENSION COST AND PENSION LIABILITIES

Status of pension plans reconciled to the balance sheet

	Non-funded plans		Funded plans	
	2018	**2017**	**2018**	**2017**
Present value of pension obligations	-824	-1 236	-1 327	
Fair value of plan assets			1 540	
Funded status of plans at December 31.	-824	-1 236	213	
Social Security Tax	-186	-194		
Net pension obligations as at December 31	-1 010	-1 430	213	

	2018	**2017**
Total net pension liability non-funded and funded plans recognised at Dec. 31	-797	-1 430

Expected payments related to the pension plans in 2019

With exeption of the closed funded plan for crew, the Group has no secured pension scheme. However, a payment of NOK 3.6 million is expected for the Defined-contribution Hybrid pension arrangement in 2019, which includes employees onshore, as well as a payment of USD 0.7 million to the defined contribution plan for seafarers.

The Company's estimated payments for non-funded pension plans are NOK 1.6 million for the fiscal year 2019, and NOK 1.9 mill for the funded plan.

NOTE 12 - RELATED PARTIES

The shipping companies where Solvang has an ownership share of more than 15% and companies where the Steensland family have control are regarded as related parties. All transactions with related parties, are at arm's length and market terms. In connection with Solvang's position as manager for the shipping partnerships, there are ongoing transactions between Solvang and the individual shipping partnerships. Solvang receives a yearly fee as managers. The size of the fee is regulated by the management agreement, and is approved each year by the annual general meeting of the shipping partnerships.

	Profit & Loss Account		**Balance Sheet**	
	2018	**2017**	**31.12.2018**	**31.12.2017**
Management fee and technical fee (income)	8 678	10 155		
Interest income ship owning companies	275	194		
Interest expenses other related parties	-78			
Receivables ship owning companies				6 604
Liabilities ship owning companies				
Liabilities other related parties			13 423	
Long term receivable ship owning companies				4 894
Total	8 875	10 349	13 423	11 498

Liabilities related parties are priced at 3 months LIBOR + margin of 2.5% for foreign exchange loans.

Since the shipping companies are fully consolidated as of November 2018, receivables and liabilities have been eliminated in the Group as of 31.12. Profit & Loss account items up to and including October are presented as transactions with related parties.

NOTE 13 - BANK DEPOSIT

The group has the following restricted bank deposits

	2018	**2017**
Restricted bank deposit payroll withholding tax	409	442
Restricted bank deposit pension liability (*)	873	921

(*) The items are classified together with other receivables in the balance sheet.

The groups bank deposits at 31.12 are divided on different currencies as follows:

	2018	**2017**
NOK	1 710	1 023
EUR	199	0
USD	27 651	5 889
Total	29 559	6 912

NOTE 14 - PERIODIC MAINTENANCE

	Periodic Maintenance
	2018
Book value as of 01.01.	
Addition in relation to establishment of group	**26 691**
Additions during the year	**8 302**
Depreciations during the year	**-1 383**
Book value as of 31.12	**33 610**
Depreciation plan	Linear

The company recognizes the periodic maintenance and cost over a period of 5 years until the next periodic maintenance take place. Upcoming periodic maintenance is expected to complete in 2019 for one vessel. 5 vessels completed their periodic maintenance in november and december 2018, meaning after the establishment of the group.

NOTE 15 - TANGIBLE FIXED ASSETS

	Leased vessel	Vessel	Newbuild contract	Other fixed assets	2018	2017
Acquisition costs 01.01				1 290	**1 290**	1 130
Translation differences				-67	**-67**	
Additions related to group establishment	13 502	983 108	65 090		**1 061 701**	160
Additions during the year		1 730	13 194	27	**14 951**	
Acquisition costs 31.12	13 502	984 839	78 284	1 251	**1 077 876**	1 290
Accumulated ordinary depreciation 01.01				906	**906**	752
Depreciation during the year	171	6 780		149	**7 100**	154
Translation differences				-56	**-56**	
Accumulated depreciation and write-off 31.12	171	6 780		999	**7 950**	906
Book value as of 31.12	13 331	978 059	78 284	252	**1 069 926**	384
Useful life	30 years	30 years		3 - 6 years		3 - 6 years
Depreciation plan	Linear	Linear		Linear		Linear
Depreciation percentage				0 - 30%		15 - 30%

The vessels have been tested for impairment by comparing the carrying values against valuations obtained from brokers. Estimated value of use are calculated for the vessels that have an indication of impairment. The recoverable amount is fixed at estimated value of use of each ship. Estimated value of use is calculated as a net present value based on the rest of life and risk. The net present value is calculated based on each vessel's remaining economic life, and the first year's cash-flow based on approved budgets. Any impairement write off of the vessels in the ship owning companies are then measured between book value and estimated value in use. Discount rate 7.98% (5 year) and 8.14% (10 year) is based on the companies weighted cost of capital (WACC). When estimating income, market outlook and average historical rates for own as well as comparable ships have been considered. Cost is based on budget and is index regulated going forward.

There are no indications of impairment as of 31.12.

Newbuild contracts

Solvang Group have four 21.000 cbm Etylene carrier under construction at Hyundai Mipo Dockyard in Korea with Hull No. 8258 to 8261. The vessels are scheduled for delivery in Q1, Q2 and Q3 2019. Total contract value is USD 199.2 million. In addition Solvang Group has one VLGC carrier of 80.000 cbm under contstruction at Hyundai Heavy Industries in Korea, with Hull no. 3084. The vessel is scheduled for delivery in Q4 2019. Contract value is USD 72.4 million.

NOTE 16 - RECEIVABLES

Recivables consist mainly of trade debtors, prepaid voyage costs and accruals. The Group has a long term lease receivable which falls due i 2021 (ref note 19). Other than this, none of the receivables is falling due more than one year after the end of the fiscal year. None of the receivables of significant amount is due on the balance sheet date.

Receivables at 31.12 can be divided as follows:

	2018	2017	
Receivables from shipping partnerships		11 498	*(ref note 12 - Related parties)*
Lease receivable	11 932		*(ref note 19 - Lease)*
Interest Swap	2 172		*(ref note 18 - Long term debt)*
Accounts receivable	1 227		
Deposit and guarantees	873	921	*(ref note 13 - Bank deposit)*
VAT receivable	937		
Accruals	1 266	378	
Other receivables	3 829	466	
Total receivables	22 235	13 263	

All the groups trade debtors at 31.12 are nominated in USD and are less than 30 days old.

There has been no loss on accounts receivable in 2018, nor is it deemed necessary with provision for possible losses on the receivables.

NOTE 17 - LIABILITIES

Security

Solvang ASA has a credit facility of NOK 60 million. The facility provides the ability to draw in both USD and NOK, unless the equivalent of the total drawdown does not exceed NOK 60 million.

As security for this the company has furnished the shares of Clipper Shipping AS as collateral.

	2018	2017
Drawn amount overdraft facility	6 821	2 404
Security overdraft facility (Book value Clipping Shipping AS)	266 042	66 994

In addition the group has parts of mortgage debt through participation in shipping partnerships.
As security for this mortgage debt, the lender has a mortgage on ships belonging to the respective companies.
There are covenant requirements for each loan agreements, all of which comply with the requirements at year end.
Ref note 18 for further information.

	2018	2017
The groups share of mortgage debt	623 629	149 348

The figures for 2017 are share through participation in shipping partnerships under the equity method of accounting, while 2018 shows 100% of the debt since the companies are fully consolidated from November 2018.

Leasing

The group has operating lease commitments for office space that expires at 20.06.2026 and 31.12.2026.

At 31.12 The Company had the following minimum non-cancellable leasing commitments:

	2018	2017
Year 1	456	466
Year 2-5	1 824	1 864
Year 6-10	1 304	1 798
Total	3 584	4 128

The company recognized lease expenses of KUSD 536 for 2018 and KUSD 516 for 2017.

A bank guarantee of NOK 1.7 million has been provided for the rent of office space in Oslo.

NOTE 18 - LONG TERM DEBT

With the exception of the overdraft facility in Solvang ASA (ref. Note 17), the Group's interest-bearing debt is in its entirety related to the financing of vessels. The loan agreements are signed between the respective shipowning company and the lender. The loans are in USD and are priced at floating LIBOR + margin.
The Group has three mortgage loans which fall due for payment in March 2019 with a total of MUSD 104. However, these were included in the binding offer that was received before New Year regarding refinancing of a fleet loan for the vessels which after the reorganization is owned directly by the subsidiary Clipper Shipping AS. The refinancing was finally completed in March 2019. The loan agreements have covenants requirements related to the market value of vessels in relation to outstanding debts, as well as working capital and / or minimum cash deposits. The Group meets the requirements in the loan agreements as of 31.12.
The Group has no debt that falls due for payment more than five years after the balance sheet date.

SECURED DEBT	**2018**	**2017**
Long term part of mortgage loan	573 209	0
Next year installment mortgage	48 793	0
Accrued interest mortgage loan	1 627	0
Book value as of 31.12	623 629	0
Minority interest of book value as of 31.12.	80 381	

COLLATERAL FOR DEBT	**2018**	**2017**
Vessel	978 059	0
Bank deposits	27 261	0
Bunkers, lubricant oil etc.	2 886	0
Accounts receivables	1 227	0
Book value as of 31.12.	1 009 432	0

This years change in interest-bearing debt is specified in the table below.

	Overdraft facility	**Mortgage loan**	**Other long term debt**	**Total**
Interest bearing debt as of 01.01	2 404	0	0	2 404
Proceeds from borrowings	4 416	0	13 000	17 416
Tilført gjeld ifbm konsernetablering		633 812	423	634 234
Repayment of borrowings		-11 809	0	-11 809
Interest bearing debt as of 31.12	6 821	622 002	13 423	642 246

Interest swap

The Group has entered into the folowing interest rate swap agreement where 3 months LIBOR is replaced by a fixed rate + margin througout the term of the agreements.

SWAP agreements	**Fixed rate**	**Contract date**	**Periode from**	**Periode till**	**Fair value per 31.12 (TUSD)**
5-årig renteswap på USD 50 mill	1.255 %	24/06/2016	30/05/2017	31/05/2022	2 170
5-årig renteswap på USD 20 mill	1.240 %	02/10/2012	02/01/2014	02/01/2019	1
5-årig renteswap på USD 6 mill	1.296 %	22/05/2013	02/01/2014	02/01/2019	
					2 172

NOTE 19 - LEASING

The Group has a lease agreement on one vessel that is classified as a financial lease. The agreement was entered into for a period of 5 years and expires 18.08.2021. There is a buy back option for the vessel at the end of the lease period.
In addition to above, the Group also has two BareBoat contracts for the same vessel. One in and one out. (Lease obligation 2 and Lease receivable). Based on the fact that the counterparty has a purchase obligation of the vessel at the end of the contract period, the contract is considered to be a cash flow contract for the administrative handling until the expiry of the contract period.

	Lease obligation 1		**Lease obligation 2**	
Overview of lease commitment as per 31.12	Minimum payment	Book value/ Net present value	Minimum payment	Book value/ Net present value
< 1 year	-3 000	-2 906	-2 555	-2 191
2 - 5 year	-13 399	-11 888	-12 172	-8 720
> 5 year				
	-16 399	-14 794	-14 727	-10 912

	Lease receivable	
Overview of lease claim as per 31.12	Minimum payment	Book value/ Net present value
< 1 year	2 933	2 516
2 - 5 year	13 100	9 416
> 5 year		
	16 033	11 932

NOTE 20 - EQUITY

The company's main shareholders as of 31.12.2018

	31.12.2018		31.12.2017	
Name of owner	**# of shares**	**Ownership**	**# of shares**	**Ownership**
Clipper AS	27 481 312	31,53 %	10 277 332	41,69 %
Straen AS	16 950 218	19,45 %	5 405 157	21,93 %
Audley AS	15 087 392	17,31 %	3 589 014	14,56 %
Barque AS	8 245 222	9,46 %	0	0,00 %
Leif Hübert AS	2 689 151	3,09 %	0	0,00 %
Jaco Invest AS I	2 010 668	2,31 %	0	0,00 %
Tyin AS	1 759 263	2,02 %	0	0,00 %
Motor-Trade Eiendom og Finans AS	1 476 702	1,69 %	0	0,00 %
Mertoun Capital AS	1 269 782	1,46 %	1 269 782	5,15 %
Torkap AS	1 263 419	1,45 %	0	0,00 %
Taif AS	1 224 314	1,40 %	0	0,00 %
Skagenkaien Eiendom Holding AS	1 199 756	1,38 %	0	0,00 %
Menne Invest AS	1 128 454	1,29 %	0	0,00 %
Nye Skagenkaien Eiendom	597 200	0,69 %	597 200	2,42 %
Inge Steenslands Stiftelse	500 000	0,57 %	500 000	2,03 %
Other < 1%	4 262 755	4,89 %	3 014 352	12,23 %
Totalt	87 145 608	100,00 %	24 652 837	100,00 %

The board of directors and managing director own or control no shares in the company as of 31.12.2018.

Proposed dividend
There were an extraordinary payment of dividend in october 2018 of KUSD 483. The Board of Directors has proposed no other dividend for 2018. There was neither paid a dividend for 2017. The company has no other dividend limitations than those imposed by Norwegian law.

Treasury shares
As of 31.12.2017 Solvang ASA had shareholdings of 107 062 treasury shares. These shares was deleted autumn 2018. As of 31.12.2018 Solvang ASA holds no treasury shares.

NOTE 21 - SUBSEQUENT EVENTS

Following the reorganization of the Solvang Group, the Group, through its wholly owned subsidiary Clipper Shipping AS, has become the owner of 100% of the ownership interests in 20 vessels, including 4 newbuilding contracts that will be delivered during 2019. In connection to this, a refinancing of these vessels has been carried out in March 2019 to collect the loans and thereby simplify the administrative work associated with the financing. The refinancing was carried out with Solvang ASA as the borrower together with the subsidiary Clipper Shipping AS.

In the refinancing, requirements have been set in the loan agreement for positive working capital, minimum cash holdings and minimum equity ratio based on value-adjusted equity.

There are no other subsequent events of a material concern.

NOTE 22 - BUSINESS COMBINATIONS

At the end of October 2018, Solvang ASA acquired 100% of the shares in Audley Shipholding AS and Steensland Victory AS, thereby increasing the ownership interest in the underlying shipping partnerships to 50-100%. The underlying shipping partnerships thus went from being associated with the equity method, to being a subsidiary that is to be fully consolidated from the time of the group establishment at the end of October 2018.

The transaction has been determined to constitute a business combination and has been accounted for using the acquisition method of accounting as required by IFRS 3. The acquisition date for accounting purposes (transfer of control) has been determined to be 29th October 2018.

A purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3.

The fair value of identifiable assets and liabilities in the transaction at the date of acquisition have been estimated as follows:

Amounts in KUSD	
Assets	
Contracts	10 537
Vessels including new build contracts	1 061 701
Capitalized dry-docking	26 691
Interest SWAP	8 179
Net working capital	22 399
Total Assets	1 129 507
Equity and debt	
Minority interest (non-controlling interests)	-55 506
Deferred tax	-2 480
Mortgage loan	-638 877
Leasing commitments	-15 310
Other commitments	-63 920
Total commitments	-776 092
Total identifiable net assets at fair value	353 415
Shipping partnerships at Equity method	-111 754
Purchase price	230 896
Negative Goodwill (Purchase on favorable terms)	-10 765

In accordance with IFRS 3, the negative goodwill as a result of purchases on favorable terms has been recognized as income at the acquisition date. The amount is included in Reorganization effects in the income statement. See specification below

Reorganization effects:

Fair value adjustment of Clipper Shipping AS's ownership interests in shipping partnerships	-20 119
Realized discount for participants who chose cash settlement	748
Recognized negative goodwill	10 765
Net reorganization effects	-8 607

NOTE 23 - FREIGHT INCOME

The Group currently has one vessel in the spot market. The other vessels are on shorter and longer Time Charter. The vessel sailing in the spot market, however, had periodic maintenance in October / November and then went on ballast until January 2019. Therefore no revenue has been allocated to spot in 2018.
For the sake of the order it can be mentioned that this year's freight income consist only of freight income for November and December 2018. Meaning from group establishment.

	2018
Time charter contracts	29 340
Voyage contracts	0
Total freight income	29 340

PARENT COMPANY

2018

Profit & Loss Account | Solvang ASA

Amounts in NOK 1 000	Note	2018	2017
Management fee	10	85 948	83 878
Other Income		96	
Total Operating income		**86 043**	**83 878**
Salaries and other personnel expenses	8	60 582	52 855
Depreciation	13	1 211	1 269
Other operating expenses	8,13	16 354	15 888
Total operating expenses		**78 147**	**70 012**
Operating result		**7 896**	**13 866**
Ship-owning companies equity method	2	0	
Other affiliated companies equity method	3	24	20
Other financial income	4,10	2 668	7 487
Other financial expenses	5,10	-2 598	-9 114
Net financial items		**95**	**-1 607**
Ordinary result before tax		**7 991**	**12 258**
Tax on ordinary result	6	1 951	3 086
Net profit or loss for the year		**6 040**	**9 173**

Net profit or loss for the year is distributed as follows		
Dividend	0	
To/from other equity	-6 040	-9 173
Total distributed	**-6 040**	**-9 173**

Balance Sheet | Solvang ASA

Amounts in NOK 1 000	Note	31/12/2018	31/12/2017
ASSETS			
Fixed Assets			
Intangible fixed assets			
Deferred tax asset	6	2 039	2 742
Total intangible fixed assets		**2 039**	**2 742**
Tangible fixed assets			
Office equipment, furniture etc	13	2 192	3 167
Total tangible fixed assets		**2 192**	**3 167**
Financial fixed assets			
Investments in subsidiaries	7,15	2 312 468	552 372
Investments in affiliated companies	3	277	294
Other long term receivables	12	103 699	
Total financial fixed assets		**2 416 444**	**552 666**
Total fixed assets		**2 420 675**	**558 574**
Current Assets			
Receivables			
Accounts receivables		491	483
Short term receivables group companies	10,14	552 551	0
Other short term receivables	10,11,14	20 186	57 198
Total receivables		**573 228**	**57 681**
Cash and bank deposits	11	7 252	28 398
Total current assets		**580 480**	**86 079**
TOTAL ASSETS		**3 001 155**	**644 653**

Balance Sheet | Solvang ASA

Amounts in NOK 1 000	Note	31/12/2018	31/12/2017
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	17	435 728	123 264
Share premium reserve		1 962 295	
Treasury shares			-535
Total paid-in capital		**2 398 023**	**122 729**
Retained earnings			
Other equity		411 290	409 419
Total retained earnings		**411 290**	**409 419**
Total equity	**17**	**2 809 313**	**532 148**
Liabilities			
Provisions			
Pension liabilities	9	8 781	11 786
Total provisions		**8 781**	**11 786**
Long term liabilities			
Lease	12	94 834	0
Total long term liabilities		**94 834**	**0**
Current liabilities			
Liabilities to financial institution	15	59 280	19 814
Trade creditors		2 504	2 162
Current liabilities Group companies	10	0	57 996
Tax payable	6	1 269	2 730
Public duties payable		14 483	9 244
Dividend	17	0	0
Other short term liabilities	10	10 690	8 773
Total current liabilities		**88 227**	**100 719**
Total liabilities		**191 842**	**112 505**
TOTAL EQUITY AND LIABILITIES		**3 001 155**	**644 653**

Stavanger, 15th May 2019

Cash Flow Statement | Solvang ASA

Amounts in NOK 1 000	Note	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before tax		7 991	12 258
Taxes paid	6	-2 730	-2 654
Depreciation and amortisation	13	1 211	1 269
Difference between expensed pension and paid in/out	9	-2 910	-1 038
Result in other affiliated companies	3	-24	-20
Changes in inventories, trade receivables and trade payables		333	-673
Changes in other current balance sheet items		44 169	-9 281
Net cash flow from operating activities		**48 040**	**-138**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale / purchase of tangible fixed assets	13	-237	-1 319
Proceeds from subsidiary (Liquidation)	7		-92
Investment affiliated companies	3		36
Payments to ship owning companies	10		-37 119
Net cash flow from investing activities		**-237**	**-38 494**
CASH FLOW FROM FINANCING ACTIVITIES			
Changes in overdraft facility	15	39 466	11 813
Purchase / sale of treasury shares	17		1 300
Change in outstanding accounts group companies		-104 214	
Dividends paid	17	-4 202	
Net cash flow from financing activities		**-68 949**	**13 113**
Net change in cash and cash equivalents		**-21 146**	**-25 519**
Cash and cash equivalents 01.01		28 398	53 917
Cash and cash equivalents 31.12		**7 252**	**28 398**

NOTE 1 ACCOUNTING PRINCIPLES

The annual accounts consist of the profit and loss account, balance sheet, cash flow statement and notes to the accounts, and have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31st of December 2018.

The annual accounts have been prepared based on the fundamental accounting principles and the classification of assets and liabilities are according to the Norwegian Accounting Act. The application of the accounting principles and the presentation of transactions and other issues attach importance to economic realities, not only legal form. Contingent losses, which are likely to happen and are quantifiable, will be expensed.

General principles

Assets that are meant for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables are classified as current assets if they are to be re-paid within one year after payment. The same criteria apply for liabilities.

The annual accounts have been prepared based on the fundamental accounting principles historical cost, comparability, going concern, congruence and prudence. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time of delivery of goods or service sold and matches costs expensed in the same period as the income to which they relate is recognized.

Valuation of fixed assets is entered in the accounts at original cost. If the fair value of a fixed asset is lower than book value, and the decline in value is not temporary, the fixed asset will be written down to fair value. Fixed assets with a limited expected useful life is depreciated according to plan.

Current assets are valued at the lower of acquisition cost and fair value. Short-term liability is booked nominally at the point of establishment.

According to the accounting principles there are some exceptions from the general principles. These exceptions are commented below.

Fixed assets

Fixed assets are entered in the accounts at original cost, with deductions for accumulated depreciation and write-down. If the fair value of a fixed asset is lower than book value, and the decline in value is not temporary, the fixed asset will be written down to fair value. Depreciation is calculated and distributed linearly over the estimated useful life. Maintenance of fixed assets is continuously booked to operating cost. Major replacement and improvements witch significantly improve the fixed assets useful life, are added to the purchase price of the assets.

Investment in subsidiaries

By subsidiaries means investments where the company directly or indirectly owns more than 50% of the voting shares, where the investment have a long-term and strategic dimension, and investments where the company have a controlling interest. Investments in subsidiaries are accounted for using the purchase method. Cost price increases when means are contributed by a capital increase, or when group contribution is received by the subsidiary. Received dividends are normally booked as income. Dividends which exceeds retained earnings after the initial investment, is booked as reduction of historical acquisition cost. Year-end allocation related to dividend from subsidiaries is entered as financial income the same fiscal year.

Investment in affiliated companies

By affiliated companies means investments where the company directly or indirectly owns 20-50% of the voting shares, where the investment have a long-term and strategic dimension, and investments where the company can exercise a considerable influence. Investments in affiliated companies are accounted for using the equity method.

Solvang's share of the profit in an affiliated company is based on profit after tax in the affiliated company less any depreciation on excess value due to the acquisition cost of the owner interest being higher than the acquired share of book equity. In the profit and loss account, the share of the profit in affiliated companies is presented as financial items. In the balance sheet, owner interests in affiliated companies are presented together with fixed assets.

For affiliated participant taxed companies are Solvang's share of the profit based on the pre-tax profit in the affiliated company. Tax on profit share is recognized through the general tax cost of the Group.

Receivables

Receivables are valuated at face value after deduction of accrual for anticipated loss. Accruals for anticipated loss are made on basis of assessment of the individual outstanding claims.

Foreign currency

Transactions in foreign currencies are recorded at transaction date.
All cash and bank balances in foreign currency are accounted for at the exchange rate at year-end.

Financial expenses

When a new debt financing is established any up-front fees and other cost related to the financing are capitalized at the date of drawdown of the loan and amortized over the loan period.

Financial Lease
Financial leasing is included as a liability under interest-bearing debt to the present value of the minimum lease, and amortized over the lease term.

Pension liability and pension cost
As of 01.01.2017 all employees are members of the newly established defined contribution hybrid pension scheme with investment choices. All employees are then member of the same pension scheme and the old general schemes were terminated. The company has no remaining obligations to the old schemes that have been settled. However, the non-funded schemes will continue as before and consist of defined benefit plans and defined contribution plans.

Defined benefit pension plan
Net pension cost includes the period calculated pension benefits, including expected salary increases, estimated interest expenses, less the expected return on plan assets and any effects of changes in estimates and plans. The surplus is capitalized to the extent it can be applied to future pension obligations. The company applies Revised IAS 19 Employee Benefits as a basis for accounting for pension.

Gains and losses arising from recalculation of the obligation due to experience variances and changes in actuarial assumptions are recorded against equity and deferred tax in the period when they occur.

Contribution based pension plan
For defined contribution plans the company pays contributions to publicly or privately administered pension insurance plans. The company has no further payment obligations once the contributions have been paid. Contributions are recognized as compensation expense in line with the obligation to pay contributions accrue.

Treasury shares
Own shares are posted at face value on a separate line of the balance sheet under equity. The difference between the face value of the share and the original cost is deducted from other equity. As of 31.12.2018 Solvang ASA holds no treasury shares.

Taxes
Taxes in the Profit and Loss statement contain both payable tax of the year and changes in deferred tax / deferred tax asset.

Deferred tax /deferred tax assets are calculated on basis of temporary differences between accounting standards and tax legislation by the end of the fiscal year. The calculation is based on nominal tax rate. Tax-augmenting and tax-reducing temporary differences that can be reversed in the same period are balanced in the accounts. Deferred tax assets arise if there are net tax-reducing temporary differences which can be justified by the assumption of future profits. This year tax on ordinary result consist of net changes in deferred tax and deferred tax assets together with payable tax of the year and adjusted for any differences in provision previous years.

Cash flow statement
The Cash Flow statement is prepared in accordance with the indirect method. Cash flow generated by investing and financing activities is shown gross, while for operations reconciliation is shown between book profit and cash flow from operating activities. Cash and cash-equivalents include petty cash and bank payments.

NOTE 2 - FINANCIAL MARKET RISK

The company's operations expose the company for low currency risk because income and the majority of cost are normally in the same currency (NOK). However, there is some exposure to currency related to foreign currency bank accounts as well as interim accounts with group companies and other shipping companies that Solvang is the managing director of, but the risk is considered low. The company only have a very limited exposure to credit risk and market risk.

CURRENCY RISK AND INTEREST RISK

Investment in ship owning companies (owned through subsiduary Clipper Shipping AS)

The operations of the company's investments in ship owning companies are mainly USD based. Most of the revenues are in USD. The majority of the income is in USD. Furthermore, the market value of the ships, and thus most of the assets, are priced in USD. Most of the debts are also in USD. This leads to foreign exchange exposure being limited. The Ship Owning companies has due to the reorganisation of Solvang been part of the Group and with that fully consolidated from and including November 2018.

Most of the company's debt is share of the debt in the ship owning companies accounted for according to the equity method. This is denominated in USD and is priced by floating LIBOR interest. All loans are at floating interest rates. The company has an acceptable equity ratio. This together with an active handling of interest rate exposure, leads to the risk of any changes in the interest rate level being limited for the company.

NOTE 3 - AFFILIATED COMPANIES

AFFILIATED COMPANIES INCLUDED UNDER THE EQUITY METHOD OF ACCOUNTING

Company	Owner-ship	Acquisition cost	Equity at acquisition	Opening balance 01.01.2017	Share of net profit	Translation differences	Closing balance 31.12.2018
Solvang Phillipines Inc	25 %	102	102	294	24	-41	277
Total		102	102	294	24	-41	277

Solvang Phillipines Inc is located in Manila, Phillipines.
The voting rights are according to pro rata ownership share.

NOTE 4 - FINANCIAL INCOME

	2018	2017
Interest income	1 504	382
Interest received from group companies	0	0
Currency gain	1 165	7 060
Other financial income	0	45
Total	**2 668**	**7 487**

NOTE 5 - FINANCIAL EXPENSES

	2018	2017
Interest and banking expenses	710	73
Interest group companies	1 324	1 950
Currency loss	0	6 398
Other financial expenses	564	694
Total	**2 598**	**9 114**

NOTE 6 - TAX

		2018	2017
Ordinary income/loss before tax		7 991	12 258
Permanent differences related to shares		0	36
Permanent differences		111	85
Differences related to equity method		-24	-20
Group contribution		0	-92
Changes in temporary differences		-2 559	-892
Applied loss carried forward		0	0
Net taxable income/loss		**5 519**	**11 375**
Tax Payable	**23/24%**	**1 269**	**2 730**
Tax expenses for the year			
Tax Payable		1 269	2 730
Gross changes in deferred tax / deferred tax assets		610	240
Deferred tax of remeasurement pensions recognized in equity		-22	-26
Tax on group contribution		0	22
Effect Change in tax rate		93	119
Total tax on income for the year		**1 951**	**3 086**
Specification of temporary differences:			
Long term temporary differences			
Tangible fixed asset		-485	-134
Pension liabilities		-8 781	-11 786
Total		**-9 266**	**-11 920**
Deferred tax / deferred tax assets	**22/23%**	**-2 039**	**-2 742**
Reconciliation tax expenses for the year			
23/24% of ordinary income/loss before tax		1 838	2 942
Changes related to equity method		-6	-5
23/24% effect of permanent differences related to shares		0	9
23/24% effect of other permanent differences		26	20
Effect of change in tax rate		93	119
Tax cost according to Profit & Loss account		**1 951**	**3 086**

NOTE 7 - SHARES IN SUBSIDIARIES

Company name	Ownership/ voting rights	Share capital	Nominal value	Number of shares owned	Total nominal value	Value on balance sheet
Clipper Shipping AS	100 %	559 316 900	100	5 593 169	559 316 900	2 312 199 259
Solvang Maritime AS	100 %	100 000	1 000	100	100 000	268 667
Total Subsidiaries						**2 312 467 926**

Clipper Shipping AS and Solvang Maritime AS are located in Stavanger.

At the end of October 2018, Solvang ASA acquired 100% of the shares in Audley Shipholding AS and Steensland Victory AS. The companies were thereafter merged with Clipper Shipping AS using the rules in the Norwegian Companies Act § 13-24 regulating merger between companies with the same owner without compensation.

The merger was registered effected in the Norwegian register of business enterprises 15th of December 2018.

NOTE 8 - PAYROLL EXPENSES

	2018	2017
Personnel expenses		
Salary	45 927	39 121
Employers tax	7 285	6 439
Pension cost	4 996	4 505
Other benefits	2 375	2 790
Total personnel expenses	60 582	52 855
Number of employees	44	40

Remuneration (in NOK) 2018

	Director's fees	Salary	Bonuses	Pension costs	Other remuneration	Total remuneration
MANAGERS						
Edvin Endresen, CEO		2 603 957	499 375	343 906	115 124	3 562 362
Tor Øyvind Ask, Dir. Marine Operations		1 981 108	375 849	213 790	88 184	2 658 931
Tor Augdal, Chief Commercial Director (CCO)		2 030 980	0	323 134	130 156	2 484 270
BOARD OF DIRECTORS						
Michael Steensland Brun, Chairman	200 000	0	0	0	0	200 000
Alf Andersen, Board member	166 667	0	0	0	0	166 667
Wenche Rettedal, Board member	166 667	0	0	0	0	166 667
Ellen Solstad, Board member	166 667	0	0	0	0	166 667
Hans Petter Aas, Board member	166 667	0	0	0	0	166 667
Total remuneration	**866 668**	**6 616 045**	**875 224**	**880 831**	**333 464**	**9 572 232**

CEO and CCO have an additional contribution based pension of 15% of salary above 12G. In addition to this, Managing Director has an agreement of one year pay after termination of employment.
The company's senior executives are employed on a fixed salary. The Company has not granted loans or guarantees to any of its employees.
In 2017, the company introduced an incentive scheme for senior executives based on achievement in HSE, finance and quality. The incentive scheme was set up as a share grant with a maximum of 25% of the basic salary. Settlement for the current year will be made during the first quarter of the following year. Due to the ongoing reorganisation of the Group, the settlement for the 2018 financial year will be a cash consideration as it was for 2017.

AUDITOR

The fee to the auditors for 2018 amounts to NOK 519 232, whereof NOK 320 000 relates to audit required by law, NOK 72 278 relates to other certification service, NOK 17 425 relates to tax advisory services and NOK 109 529 for other non-audit services. The amounts are reported exclusive of VAT.

NOTE 9 - PENSION COST AND PENSION LIABILITIES

The company is obligated to have a pension plan according to the Act on Mandatory company pension, and has a pension plan which follows the requirement as set in the Act on Mandatory company pension.
As of 1.1.2017 all employees became members of the new defined contribution hybrid pension scheme with investment choices. All employees are now members of the same pension scheme. Deposits in the scheme for 2018 are 3,341,280, -.

Funded plans
The funded plans were closed and settled as of 2016 and replaced by a defined contribution hybrid scheme with investment choices as of 1/1-17. The company has no remaining obligations related to the old arrangements that have been settled.

Non-funded plans
The company also has non-funded pension obligations for 2 pensioners and an additional defined contribution plan for CEO and CCO, which are not covered by the general pension plan.

Assumptions
Pension liabilities and pension costs are calculated by a third party independent actuary, and has been evaluated according to revised IAS 19. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited through Equity. The following assumptions were used for non-funded plans:

	2018	2017
Discount rate	2.60 %	2.40 %
Expected salary increases	2.75 %	2.50 %
Rate of pension increases	1.50 %	1.50 %
Increase of National Insurance Basic amount (G)	2.50 %	2.25 %
Expected return on plan assets	2.60 %	2.40 %
Social Security Tax	14.10 %	14.10 %

Net periodic pension cost:	**Non-funded plans**	
	2018	**2017**
Benefits earned during the year		443
Interest cost	189	246
Past service costs	-1 516	-682
Administrative expenses	0	0
Social Security Tax	-187	1
Net periodic pension cost	**-1 514**	**7**

Actual return on plan assets

Overview of actuarial gains and losses recognized directly through other equity:

	2018	**2017**
Net actuarial gains/losses 01.01	-4 801	-4 883
Current year actuarial gains/losses	95	109
Tax	-23	-26
Net actuarial gains/losses 31.12	**-4 729**	**-4 801**

Status of pension plans reconciled to the balance sheet

	Non-funded plans	
	2018	**2017**
Present value of pension obligations	-7 162	-10 187
Fair value of plan assets	0	0
Funded status of plans at December 31.	-7 162	-10 187
Social Security Tax	-1 620	-1 599
Net pension liability recognised at December 31.	**-8 781**	**-11 786**

NOTE 10 - RELATED PARTIES

The shipping companies where Solvang has an ownership share of more than 15% and companies where the Steensland family have control are regarded as related parties. All transactions with related parties, are at arm's length and market terms. In connection with Solvang's position as manager for the shipping partnerships, there are ongoing transactions between Solvang and the individual shipping partnerships. Solvang receives a yearly fee as managers. The size of the fee is regulated by the management agreement, and is approved each year by the annual general meeting of the shipping partnerships.

	Profit & Loss Account		Balance Sheet	
	2018	**2017**	**31/12/2018**	**31/12/2017**
Management fee (income)	85 948	83 878		
Net interest subsidiaries	-1 324	-1 950		
Net Interest other related parties	1 157	34		
Receivables group companies (AS)			521 383	
Liabilities group companies				-57 996
Net receivables ship owning companies (Subsidiary)			31 168	43 148
Net receivables other related parties			491	483
Liabilities other related parties			0	
Total	**85 781**	**81 962**	**553 042**	**-14 365**

NOTE 11 - RESTRICTED BANK DEPOSIT

In connection with payment of payroll withholding tax, the company has a restricted bank deposit of NOK 3,011,979,-.

Total bank deposit also includes provision on a restricted account related to pension for former managing director of the merged subsidiary. Restricted bank deposit as of 31.12 amounts to NOK 7,586,938,-
The account is included in other short term receivables.

NOTE 12 - CONTRACTS

In October 2018 the company took over two BB charter parties for the same vessel, one in and one out.
Based on the fact that the counterparty has a purchase obligation of the vessel at the end of the contract period, the contract is considered to be a cash flow contract for the administrative handling until the expiry of the contract period.

Amounts in KUSD	BB / Leasing receivables		BB / Leasing liability	
Summary of Bare Boat charter parties per 31.12.	Minimum payment	Book value / Net present value	Minimum payment	Book value / Net present value
< 1 year	2 933	2 516	-2 555	-2 191
2 - 5 year	13 100	9 416	-12 172	-8 720
> 5 year				
	16 033	11 932	-14 727	-10 912
Converted to NOK at 31.12 *FX rate* *8.6911*		**103 699**		**-94 834**

NOTE 13 - TANGIBLE FIXED ASSETS

	Software and office equipment	Furniture and fixtures	Non depreciable assets	2018	2017
Acquisition costs 01.01	6 249	4 146	240	**10 634**	9 316
Additions during the year		237	0	**237**	1 319
Disposals during the year	0	0	0	**0**	0
Acquisition costs 31.12	6 249	4 382	240	**10 871**	10 634
Accumulated ordinary depreciation 01.01	4 202	3 266	0	**7 467**	6 198
Depreciation during the year	964	248	0	**1 211**	1 269
Accumulated depreciation sold/disposed assets	0	0	0	**0**	0
Accumulated depreciation and write-off 31.12	5 165	3 513	0	**8 679**	7 467
Book value as of 31.12	1 083	869	240	**2 192**	3 167
Useful life	3-4 years	6 years	-		3 - 6 years
Depreciation plan	Linear	Linear	Linear		Linear
Depreciation percentage	25 - 30%	15 %	0 %		15 - 30%

NOTE 14 - RECEIVABLES

Debtors consist mainly of receivables from shipping partnerships. None of the receivables is falling due more than one year after the end of the fiscal year.

NOTE 15 - LIABILITIES

Solvang ASA has a credit facility of NOK 60 million. The facility provides the ability to draw in both USD and NOK, unless the equivalent of the total drawdown does not exceed NOK 60 million. As of 31.12.2018 there was drawn NOK 59.3 million on the revolving credit facility.
As security for this the company has furnished the shares of Clipper Shipping AS as collateral. Book value of the shares in Clipper Shipping AS is NOK 2,312 million as of 31.12.2018.

Solvang ASA has otherwise given a guarantee for the share of debt that its subsidiary Clipper Shipping AS is committed to through its ownership in shipowning companies. This is limited to ownership of the individual shipping partnerships. Clipper Shippings share of the mortgage debt 31.12.2018 is MUSD 542.1. Solvang ASA has guaranteed for MUSD 248.4 of this amount.

Solvang ASA has provided a bank guarantee of NOK 1.7 million regarding the lease of office space in Oslo.

NOTE 16 - AREAS OF OPERATION

Since practically all of the company's ship ownership was sold to the subsidiary Clipper Shipping AS in December 2007, the company is left with one area of operation, ship management.

NOTE 17 - EQUITY

Solvang ASA	Share capital	Treasury shares	Share premium reserve	Other Equity	Total equity
Equity as of 31.12.2017	**123 264**	**-535**	**0**	**409 419**	**532 148**
Profit / loss of the year				6 040	6 040
Translation differences *(note 3)*				-41	-41
Remeasurement pension liability (net after tax)				73	73
Capital increase by debt conversion	225 134		1 534 962		1 760 096
Capital increase by contribution in kind	87 865		427 333		515 199
Dividend paid				-4 202	-4 202
Deletion of treasury shares	-535	535			0
Equity as of 31.12.2018	**435 728**		**1 962 295**	**411 290**	**2 809 313**

Treasury Shares

As of 31.12.2017 Solvang ASA had shareholdings of 107 062 treasury shares. These shares was deleted autumn 2018.
As of 31.12.2018 Solvang ASA holds no treasury shares.

Shareholders

The share capital of Solvang ASA consist of 87 145 608 ordinary shares, each with a par value of NOK 5,-.
All shares have equal rights.

The company's main shareholders as of 31.12.2018

Name of owner	# of shares	Ownership
Clipper AS	27 481 312	31.53 %
Straen AS	16 950 218	19.45 %
Audley AS	15 087 392	17.31 %
Barque AS	8 245 222	9.46 %
Leif Hübert AS	2 689 151	3.09 %
Jaco Invest AS I	2 010 668	2.31 %
Tyin AS	1 759 263	2.02 %
Motor-Trade Eiendom og Finans AS	1 476 702	1.69 %
Mertoun Capital AS	1 269 782	1.46 %
Torkap AS	1 263 419	1.45 %
Taif AS	1 224 314	1.40 %
Skagenkaien Eiendom Holding AS	1 199 756	1.38 %
Menne Invest AS	1 128 454	1.29 %
Others < 1%	5 359 955	6.15 %
Totalt	**87 145 608**	**100.00 %**

The board of directors and managing director own or control no shares in the company as of 31.12.2018.

NOTE 18 - SUBSEQUENT EVENTS

Following the reorganization of the Solvang Group, Solvang ASA, through its wholly owned subsidiary Clipper Shipping AS, has become the owner of 100% of the ownership interests in 20 vessels, including 4 newbuilding contracts that will be delivered during 2019. In connection to this, a refinancing of these vessels has been carried out in March 2019 to collect the loans and thereby simplify the administrative work associated with the financing. The refinancing was carried out with Solvang ASA as the borrower together with the subsidiary Clipper Shipping AS.

There are no other subsequent events of a significant nature.

FLEET

Ship	Owner share in %	Employment	Register	Load capasity	Type of ship	Year built
Clipper Harald	100.00	TC	NIS	12 500 cbm	LPG/Ethylene	1999
Clipper Hebe	100.00	CVC	NIS	17 200 cbm	LPG/Ethylene	2007
Clipper Helen	100.00	TC	NIS	17 200 cbm	LPG/Ethylene	2007
Clipper Hermes	100.00	CVC	NIS	17 200 cbm	LPG/Ethylene	2008
Clipper Hermod	100.00	Spot	NIS	17 200 cbm	LPG/Ethylene	2008
Clipper Odin	95.00	TC	NIS	38 400 cbm	LPG/Ammonia	2005
Clipper Star	100.00	TC	NIS	59 200 cbm	LPG/Ammonia	2003
Clipper Moon	100.00	TC	NIS	59 200 cbm	LPG/Ammonia	2003
Clipper Sky	100.00	TC	NIS	59 200 cbm	LPG/Ammonia	2004
Clipper Orion	100.00	TC	NIS	60 000 cbm	LPG/Ammonia	2008
Clipper Neptun	100.00	TC	NIS	60 000 cbm	LPG/Ammonia	2008
Clipper Mars	49.50	TC	NIS	60 000 cbm	LPG/Ammonia	2008
Clipper Jupiter	100.00	TC	NIS	60 000 cbm	LPG/Ammonia	2015
Clipper Saturn	100.00	TC	NIS	60 000 cbm	LPG/Ammonia	2015
Clipper Venus	100.00	TC	NIS	60 000 cbm	LPG/Ammonia	2015
Clipper Sirius	61.88	TC	NIS	75 000 cbm	LPG/Ammonia	2008
Clipper Victory	99.00	TC	NIS	75 000 cbm	LPG/Ammonia	2009
Clipper Freeport	61.88	TC	NIS	78 700 cbm	LPG/Ammonia	2017
Clipper Vanguard	61.88	TC	NIS	78 700 cbm	LPG/Ammonia	2017
Clipper Sun	50.00	TC	NIS	82 000 cbm	LPG/Ammonia	2008
Clipper Quito	99.00	TC	NIS	84 000 cbm	LPG/Ammonia	2013
Clipper Posh	100.00	TC	NIS	84 000 cbm	LPG/Ammonia	2013
Newbuildings						
Hyundai Mipo Dockyard Hull No. 8258	100.00		NIS	21 000 cbm	LPG/Ethylene	2019
Hyundai Mipo Dockyard Hull No. 8259	100.00		NIS	21 000 cbm	LPG/Ethylene	2019
Hyundai Mipo Dockyard Hull No. 8260	100.00		NIS	21 000 cbm	LPG/Ethylene	2019
Hyundai Mipo Dockyard Hull No. 8261	100.00		NIS	21 000 cbm	LPG/Ethylene	2019
Hyundai Heavy Industries Hull No. 3084	70.8		NIS	80 000 cbm	LPG/Ammonia	2019

To the General Meeting of Solvang ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Solvang ASA, which comprise:

- The financial statements of the parent company Solvang ASA (the Company), which comprise the balance sheet as at 31 December 2018, the profit and loss account and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Solvang ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, the profit and loss, statement of comprehensive income, changes in equity and cash flow statement 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 accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and 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 accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities 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.

Independent Auditor's Report - Solvang ASA

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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 the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Independent Auditor's Report - Solvang ASA

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 and in the statements on Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result 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 produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 15 May 2019
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

solvang@solvangship.no
www.solvangship.no

NORWAY

Skagenkaien 36
PO Boks 90,
N-4001 Stavanger

Tel: +47 51 84 84 00
Fax: +47 51 84 84 11

PHILIPPINES

TSM House, 4. floor
1751 Dian St., Palanan
Makati City, Manila 1235

Tel:. +63 233 81 731
Fax: +63 233 81 732
E-mail: crew.phils@solvangship.no