SOLVANG ASA

INDUSTRY LEADING PROVIDER OF LPG AND PETROCHEMICAL TONNAGE

ANNUAL REPORT 2019

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 2019

1. INTRODUCTION

Following the corporate reorganization completed in 2018, the 2019 annual accounts mark the first year Solvang report as one consolidated group, with a P&L and balance sheet reflecting a fleet of 27 LPG tankers.

The corporate reorganization completed in 2018, where the ownership of vessels shifted from participation in ship owning partnerships to direct ownership for the main part of the fleet, makes the 2018 income statement and cash flows statement less informative and not directly comparable with the 2019 accounts. The 2018 accounts were to a large extent influenced by this restructuring, with fair valuation of vessels and contracts, and a mix of old and new structure. The 2019 accounts are mostly free from reorganization effects, apart from increased depreciation from amortization of additional contract values identified in the reorganization.

The results for 2019, reflects an improved LPG market, somewhat offset by a fairly muted ethylene segment. On the LPG side Solvang benefited from the improved market balance with four VLGC's on contract with a market based floating rate, while the rest of the LPG fleet were on more moderate level contracts. The ethylene segment was very much impacted by the trade war between USA and China, causing fewer cargoes and idle time for the spot vessels.

The Group recorded a profit before tax of USD 5.3 million against a loss of USD 11.1 million in 2018. Net Cash flow was USD 15.0 million compared to negative USD 6.6 million in 2018. Tax expense was USD 0.8 million, and the Group had a profit after tax of USD 4.5 million against a loss of USD 11.5 million in 2018.

The board of directors proposes not to pay dividends for 2019 on the basis of market uncertainties, both from the Covid-19 effects and the collapse of the oil-price, where Covid-19 will most likely prolong and deepen the oil market crises beyond a conventional supply and demand shock

2. OPERATIONS

The group's activities are divided into three segments for the transportation of Liquefied Petroleum Gas (LPG), ammonia (NH3) 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 segment includes semi-refrigerated ethylene carriers from 12,000 cbm and up. The group had nine ships in this segment where the ships operate in the spot market, on short term TC and on consecutive voyage contracts.

The group had four 21,000 cbm ethylene carriers delivered 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 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 segment. All ships operate on TC with varying length.

Three of the LGCs are the only vessels of this size 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 global standards in 2020.

3.3 VLGC

This segment is defined as fully refrigerated LPG ships of 75,000 – 84,000 cbm. Solvang has a total of 8 ships in this segment. The group has five Panamax VLGC ships with size between 75,000-80.000 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 as well as Far East. All vessels are currently on contracts, three of the vessels on long term contract, while the other five are medium term.

The group took delivery of a 80,000 cbm Panamax VLGC 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 commenced a 10 year TC.

4. PROFIT

(Figures in parentheses refer to 2018)

Following the restructuring of the group, the figures for 2019 are not comparable with the figures for 2018. Up to and including October 2018 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 31.8 million to USD 188.8 million, due to the above mentioned changes in the group from October 2018.

The group's result after tax was USD 4.5 million (USD -11.5 million). The result for the parent company was NOK 18.7 million (NOK 6.0 million).

4.1 Financial items

The group reported net financial items of USD -37.8 million (USD -5.2 million). The corresponding figure for the parent company was a result of NOK 16.0 million (NOK 0.1 million).

4.2 Liquidity and financial strength

At year-end, the group had liquidity consisting of cash totalling USD 44.6 million (USD 29.6 million). The corresponding figure for the parent company was NOK 96.6 million (NOK 7.3 million). Total current assets at year-end was USD 65.1 million (USD 40.4 million), while current liabilities totalled USD 131.3 million (USD 81.7 million). Long-term liabilities and obligations totalled USD 723.0 million (USD 609.4 million). For the parent company, total current assets at year-end amounted to NOK 146.5 million (NOK 580.5 million), while short-term liabilities totalled NOK 35.8 million (NOK 88.2 million). The parent company's long-term liabilities and obligations totalled NOK 4,194.6 million (NOK 94.8 million).
Net cash flow from operating activities was USD 58.2 million, compared to an operating profit of USD 43.1 million. The main difference comes from changes in working capital items and amortisation of contracts.

The group's book equity totalled USD 498.5 million (USD 474.1 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 group's 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 financial derivative contracts entered into by the group is considered to have low counterparty credit risk.

Most of the group's liabilities consist of secured 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, 34% are women and 66% 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 850 sailing personnel. Working conditions on shore and on the ships are considered to be good. Sick leave on board the ships was 0.25%. The group had one incident that resulted in lost time in 2019. 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.

The Group had one casualty on-board one of the vessel in 2019, a casualty initially believed to be caused by a fall, but post mortem examination showed it was due to medical illness. Regardless of the cause, we are very sad to see one of our top officer pass away much too early.

Sick leave among the onshore employees was 2.89% in 2019. There were no incidents resulting in personal injury at the office in 2019.

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 2019 been employed at a fixed salary with no share based compensation. 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 share based compensation 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 one incidents in 2019 and only eleven incidents in the entire period from 2009-2019, 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 373 inspections on our ships in 2019. Of these inspections, 168 were conducted by Solvang, while our customers, port authorities and classification companies conducted a total of 205 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 is mainly employed in the spot market, and with volatile product pricing and uncertain times within the Petchem market, most traders prefer not to take too much of a long term commitment on shipping, and rather preferring to fix on single voyage or very short time charters. Solvang is well positioned for this type of market, with very good relations to key traders, as well as having competitive and modern vessels.

For the fully refrigerated vessels (VLGC and LGC), 2019 was the year the LPG market turned around after being muted for 3 years. Finally the market balance was healthy, with considerable growth in export volumes, open arbitrage between regions, and declining number of new-builds. The strong market has continued into 2020 and was expected to last for some time now. With the global Covid-19 pandemic, and Oil-market crises, the uncertainty is significant in terms of expected export volumes and as such earnings going forward.

The group had at year-end contract coverage of 97%% for 2020 for the fully refrigerated fleet, with only one vessel coming open mid year.

7. ALLOCATION OF THE PARENT COMPANY’S PROFIT

Solvang ASA posted a result of KNOK 18,734

The Board of Directors proposes the following allocation:

To other equity: KNOK 18,734

At the year-end, the parent company’s equity amounted to KNOK 2,971,888 (KNOK 2,809,313).

8. SUBSEQUENT EVENTS

The recent outbreak of COVID-19 virus has already and will continue to affect economic conditions regionally as well as globally. For 2020 we expect a moderate economic impact of our operation as many of our vessels within the group are sailing on fixed-rate contracts. The ultimate severity of the COVID-19 virus outbreak is in any case uncertain at this time, and so is the total impact it may have on the group's future operations and the health of our employees.

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 2019 and look forward to the same good cooperation in 2020.

Stavanger, 12th May 2020

Michael Steensland Brun	Ellen Solstad	Jostein Devold	Edvin Endresen
Chairman of the Board			CEO

GROUP ACCOUNTS 2019

Consolidated income statement | Solvang Group

Amounts in USD 1 000	Note	2019	2018
Operating revenue	5	214 936	30 132
Voyage expenses		-26 093	-6 351
Management fees	12		8 678
Result from affiliated ship owning companies equity method	4		-690
Other income			3
Total income		**188 843**	**31 772**
Crewing expenses		41 688	5 655
Ship related operating expenses		34 836	4 439
Reorganization effects	4	0	8 607
Salaries and other personnel expenses onshore	10	7 182	7 448
Other operating expenses	10	1 442	2 279
Total operating expenses		**85 149**	**28 428**
Operating result (EBITDA)		**103 694**	**3 344**
Depreciation vessels	15	43 972	6 780
Depreciation other fixed assets	15	124	149
Depreciation Right-of-use assets	16	1 438	171
Depreciation capitalized dry-docking	14	10 335	1 383
Amortization of contracts	3	4 752	792
Total depreciation and amortization		**60 622**	**9 275**
EBIT		**43 072**	**-5 931**
Financial income and cost			
Affiliated companies equity method	6	6	3
Financial income	7,12	1 690	3 243
Financial expenses	8,12	-39 482	-8 448
Net financial items		**-37 786**	**-5 203**
Ordinary result before tax		**5 286**	**-11 134**
Income tax expense	9	806	397
Net profit / (loss) for the year		**4 480**	**-11 531**
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)			
Profit / (loss) is attributable to:			
Controlling Owners		2 704	-11 091
Minority interest		1 775	-440
Earnings of the period		4 480	-11 531
Items that will not be reclassified to profit or loss			
Remeasurements pension liability		-24	11
Tax effects of remeasurements pension liability		5	-3
Items that may be reclassified to profit or loss			
Translation differences to presentation currency		-65	8 097
Comprehensive income		**4 396**	**-3 425**
Comprehensive income is attributable to:			
Controlling Owners		2 621	-2 985
Minority Interest		1 775	-440
Total Comprehensive Income		4 396	-3 425

Consolidated Balance Sheet | Solvang Group

Amounts in USD 1 000	Note	31/12/2019	31/12/2018
ASSETS			
Fixed Assets			
Intangible fixed assets			
Customer Contracts	3	5 218	9 746
Total intangible fixed assets		**5 218**	**9 746**
Tangible fixed assets			
Right-of-use assets	16	15 223	13 331
Vessels	15	1 223 046	978 059
Newbuild contract	15		78 284
Capitalized dry-docking	14	36 695	33 610
Office equipment, furniture etc.	15	131	252
Total tangible fixed assets		**1 275 095**	**1 103 536**
Financial fixed assets			
Investments in affiliated companies	6	34	32
Other long term receivables	17,19,20	10 094	14 325
Other shares		2	2
Total financial fixed assets		**10 131**	**14 359**
Total fixed assets		**1 290 444**	**1 127 641**
Current Assets			
Bunkers / lubricant oil etc.		5 118	2 886
Receivables			
Accounts receivable	20	6 581	1 227
Other short term receivables	12,13,20	8 785	6 683
Total receivables		**15 366**	**7 910**
Cash and bank deposits	13	44 580	29 559
Total current assets		**65 064**	**40 355**
TOTAL ASSETS		**1 355 508**	**1 167 996**

Amounts in USD 1 000	Note	31/12/2019	31/12/2018
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	21	53 042	50 135
Share premium reserve		236 472	225 782
Total paid-in capital		**289 514**	**275 917**
Retained earnings			
Other reserves		11 788	8 995
Retained earnings		134 545	131 840
Minority interest		62 619	57 338
Total retained earnings		**208 952**	**198 173**
Total equity		**498 466**	**474 090**
Liabilities			
Provisions			
Pension liabilities	11	727	797
Deferred tax	9	1 942	1 971
Total provisions		**2 669**	**2 769**
Long term liabilities			
Long term debt to financial institution	18	688 926	573 209
Lease liabilities	16	11 386	11 888
Other commitments	19	8 720	10 912
Other long term liabilities	12,18	14 000	13 423
Total long term liabilities		**723 032**	**609 432**
Current liabilities			
Overdraft facility	18		6 821
Accounts payable		6 919	10 661
Tax payable	9	1 010	703
Public duties paytable		1 301	1 743
Current portion of long term debt incl accrued interest	18	106 244	50 420
Current portion of lease liabilities	16	3 105	2 906
Other short term liabilities		12 763	8 451
Total current liabilities		**131 341**	**81 705**
Total liabilities		**857 042**	**693 905**
TOTAL EQUITY AND LIABILITIES		**1 355 508**	**1 167 996**

Stavanger, 12th May 2020

Michael Steensland Brun	Ellen Solstad	Jostein Devold	Edvin Endresen
Chairman of the Board			CEO

Consolidated statement of shareholders' equity

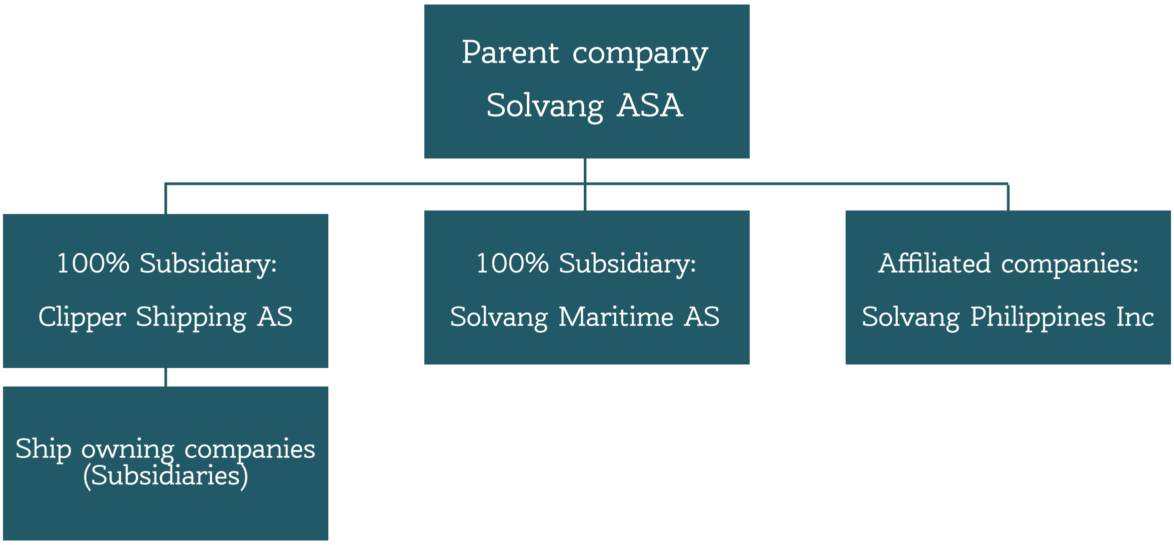
Amounts in USD 1 000	Share capital	Treasury shares	Share premium reserve	Other reserves	Retained earnings	Minority interest	Total equity
2018							
Equity as of 31.12.2017	**14 957**	**-65**		**118**	**122 442**		**137 452**
Profit/(loss) of the year					-11 091	-440	-11 531
Remeasurements pension liabilities				9			9
Translation differences presentation cu	-774	3		8 868			8 097
Total comprehensive income	**-774**	**3**		**8 877**	**-11 091**	**-440**	**-3 425**
Paid dividend					-483		-483
Cancellation of shares	-62	62					
Minority interest at group establishment						55 506	55 506
Minority share of capital increase in subsidiary						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**

	Share capital	Treasury shares	Share premium reserve	Other reserves	Retained earnings	Minority interest	Total equity
2019							
Equity as of 31.12.2018	**50 135**		**225 782**	**8 995**	**131 840**	**57 338**	**474 090**
Profit/(loss) of the year					2 704	1 775	4 480
Remeasurements pension liabilities				-19			-19
Translation differences presentation cu	-525		-2 352	2 812			-65
Total comprehensive income	**-525**		**-2 352**	**2 793**	**2 704**	**1 775**	**4 396**
Paid dividend							
Minority interest increase of ownership						2 992	2 992
Minority share of capital increase in subsidiary						1 060	1 060
Minority share of capital decrease in subsidiary						-547	-547
Capital increase	3 432		13 042				16 474
Total changes in equity for the year	**2 907**		**10 690**	**2 793**	**2 704**	**5 281**	**24 376**
Equity as of 31.12.2019	**53 042**		**236 472**	**11 788**	**134 545**	**62 619**	**498 466**

Consolidated statement of cash flows

Amounts in USD 1 000	Note	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before tax		5 286	-11 134
Tax paid for the period	9	-529	-331
Loss/gain on sale of tangible fixed assets		6	
Depreciation and amortisation	14,15,16,3	60 622	7 100
Difference between expensed pension and paid in/out	11	-95	-622
Reorganization effects	4	0	8 607
Result in affiliated ship owning companies	4	0	690
Result in affiliated companies	6	-6	-3
Changes in inventories, trade receivables and trade payables		-11 329	19 991
Changes in other current balance sheet items		1 943	-10 727
Financial income	7	-730	-2 955
Financial expenses	8	3 058	332
Net cash flow from operating activities		**58 227**	**10 948**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale / purchase of tangible fixed assets	15,16	-211 100	-14 941
Payments for capitalized periodic maintenance	14	-13 420	
Dividend from Investment affiliated companies	6	4	7
Payments from ship owning companies		0	7 860
Proceeds from part sale of subsidiary		2 992	
Payments received other receivables		3 004	
Payments to ship owning companies		0	-15 376
Net cash flow from investing activities		**-218 520**	**-22 451**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from other debt (long term)	18	671 357	13 000
Repayment of debt (long term)	18	-500 535	-11 809
Payment short term debt related to restructuring process		0	-2 158
Changes in overdraft facility	18	-6 821	4 416
Payments of lease liabilities	16	-3 218	
Payments other commitments		-2 634	
Proceeds from capital increase		16 474	
Minority interest share of capital changes in subsiduary		513	2 272
Dividend payment		0	-483
Net cash flow from financing activities		**175 136**	**5 238**
Effect of exchange rate changes on cash and cash equivalents		178	-376
Net change in cash and cash equivalents		15 021	-6 641
Cash and cash equivalents 01.01		29 559	6 912
Addition cash related to group establishment			29 288
Cash and cash equivalents 31.12		**44 580**	**29 559**

NOTE 1 - CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES



CORPORATE INFORMATION

Solvang ASA is a public limited company incorporated and domiciled in Norway. 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 went through a restructuring process which means that the ship-owning companies that previously was treated as an affiliated company treated according to the equity method, as of November 2018 has been fully consolidated subsidiaries.

As of 31.12.19, Solvang's fleet consists of 27 ships that carry liquid petrochemical gases, liquefied petroleum gases and ammonia. Five of the vessels were delivered 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 2019.

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 12 May 2020 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 2019, Solvang ASA has following subsidiaries:

- Solvang Maritime AS (100%)
- Clipper Shipping AS (100%)
    - PR Clipper Mars DA (49,5%)
    - PR Clipper Sirius DA (61,875%)
    - PR Clipper Sun II DA (50%)
    - PR Clipper Odin DA (95%)
    - PR VLGC DA (58,3%)

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.

<u>Minority interests</u>
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 functional and reporting currency, and all the subsidiaries have US dollar (USD) as the functional currency, hence the reporting currency for the Group is US dollar (USD). 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.

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
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. 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.

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.

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.

Hedging

The Group has decided not to apply hedge accounting. Derivatives held for hedging purposes are measured at fair value through profit and loss in the financial statements

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 in 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.

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.

<u>Financial assets at fair value through profit or loss</u>
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 (primarily interest swaps). 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.

<u>Financial assets at amortized cost</u>
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

All employees are members of a defined contribution hybrid pension scheme with investment choices. The non-funded schemes will continue as before and consist of defined benefit plans and defined contribution plans.

<u>Defined benefit pension plan</u>
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.

<u>Contribution based pension plan</u>
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 – 21,000 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. Interests are considered to be part of 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 2019 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 2019.

<u>IFRS 16 – Leases:</u>
The Group has applied IFRS 16 using the modified retrospective approach, and as such the comparable information for 2018 has not been restated. IFRS 16 replaced IAS 17 and became 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. The Group uses 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. Prior to 1 January 2019, the Group classified finance leases of one vessel according to IAS 17 as fixed asset. The carrying amount of the right-of-use asset and the lease liability at 1 January 2019 was determined to be the carrying amount of the lease asset and lease liability at the date of initial application of IFRS 16. Based on a review of the Group’s lease agreements, it is therefore only lease of two office premises that was affected by the transition to IFRS 16. The right of use asset is set equal to the lease obligation as of 1 January 2019. Based on marginal borrowing interest, which is estimated to 4.9%, the lease obligation at the time of transition amounted to MUSD 2.9.

New standards and interpretations which have not come into force.

There are some new standards and interpretations that have been adopted by the EU but not yet made effective for the year ending 31 December 2019. For example

> Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

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 2019.

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 large oil majors with good credit rating and/or towards customers we have a long relationship with. The credit risk is therefore 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 has a significant cash position. As of 31.12.2019 the liquidity reserves amounted to 3.3 % of the total balance sheet. The liquidity reserves inclusiv of short term receivables amounted to 4.4%. Current liabilities together with current portion of long term debt amounted to 9.7 % of the balance sheet. The liquidity risk is considered acceptable and is 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). 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 long term debt to financial institutions 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.

Capital 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 derivative financial instruments with the exception of interest swap (ref note 17). Capital return is monitored by the board. There has been no changes in how assets are managed 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	789
	10 % reduction of exchange rates	-789

Change of interest rates		**Effect on profit or loss**
Mortgage loans of vessels	100 basis points increase of interest rates	-7 952
	100 basis points reduction of interest rates	7 952

The impact of change in interest rates on bank deposits is estimated to be insignificant.

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. The capitalized TC contracts are amortized over the remaining contract period at the time of establishment, which amounts to approximately 1.5 and 3 years.

TC CONTRACTS	2019	2018
Book value as of 01.01	9 746	0
Discounted contract value added in relation to group establishment		10 537
Current year amortization	-4 528	-792
Book value as of 31.12	5 218	9 746
Minority interest share of book value as of 31.12	2 098	3 241

In addition to the TC contracts reflected above, the current year amortization in P&L also inkludes an amount of USD 0.2 million which is the remaining amount of a contract that was included in other long term receivables last year.

NOTE 4 - REORGANIZATION IN 2018

In 2018, the Solvang group went 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 became fully consolidated subsidiaries. Minority interest was separated in equity where applicable. The book result from associated companies are thus only earnings up to and including October 2018, as the last two months of 2018 are fully consolidated and shown in the ordinary result and balance sheet and so is the 2019.

A purchase price allocation (PPA) was performed and all identified assets and liabilities were measured at their acquisition date fair values which then ended up with negative goodwill.
In accordance with IFRS 3, the negative goodwill as a result of purchases on favorable terms was recognized as income at the acquisition date. The amount was included in Reorganization effects in the income statement.

Reorganization effects of 2018 consist of:

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 5 - OPERATING REVENUES

Operating revenues in 2018 comprise only November and December 2018 following the restructuring of the group

As of 31.12.19 the Group had four vessels in the spot market. The other vessels are on shorter and longer Time Charter.

	2019	2018
Time charter contracts	173 519	30 132
Voyage contracts	41 416	
Total freight income	214 936	30 132

Largest customers
In 2019, Solvang Group had three customers which individually accounted for 10% or more of total revenues.
The largest customer in Solvang Group in 2019 represented 21% of total revenues.
The three customers in 2019 individually contributing 10% or more of total revenues were:

- Equinor
- Petredec Europe
- Kolmar Group

Expected future Time Charter revenues - undiscounted

Expected future time charter revenue from firm contracts from 1st January 2020 (undiscounted) has the maturity as follows:

	31/12/2019
< 1 year	207 900
2 - 5 year	283 200
> 5 year	147 000
	638 100

The above table is based on the knowledge we had about market and contracts at year end 2019, and might be different from actual revenue as some of the contracts in example follows baltic index or include other variable items and hence will depend on the market development throughout the following periods.

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 01.01.2019	Share profit of the year	Dividend	Translation	Outgoing balance 31.12.2019
Solvang Phillipines Inc	25%	102	102	32	6	-4		34
Total		102	102	32	6	-4		34

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

	2019	2018
Interest income	772	288
Currency gain	241	2 955
Income receivable BB in	489	0
Other financial income	189	0
Total	1 690	3 243

NOTE 8 - FINANCIAL EXPENSES

	2019	2018
Interest and banking expenses	34 067	6 136
Interest element of leases	137	0
Amortized borrowing cost	1 121	0
Fair value changes interest swap	1 494	0
Cost of commitment BB out	443	0
Currency loss	0	332
Other financial expenses	2 220	1 981
Total	39 482	8 448

NOTE 9 - INCOME TAX EXPENSE

TAX EXPENSES FOR THE YEAR	2019	2018
Payable tax	846	1 031
Gross changes in deferred tax / deferred tax assets	-29	-540
Herof changes booked through other comprehensive income	5	-3
Effect of changed tax rate		-90
Translation differences	24	-1
Tax previous years	-40	0
Total tax on income for the year	806	397

SPECIFICATION OF TEMPORARY DIFFERENCES:	31/12/2019	31/12/2018
Long term temporary differences		
Tangible fixed asset	-104	-56
Pension liabilities	-727	-797
Gain-/loss account of entry into tonnage tax system	4 628	9 814
Other temporary differences	5 031	
Tax loss carry-forward	-13 043	-13 278
Total basis for deferred tax	-4 214	-4 316

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

			Changes	
	31/12/2019	31/12/2018	2019	2018
Temporary differences				
Tangible fixed asset	-23	-12	-11	-9
Pension liabilities	-160	-175	16	154
Gain-/loss account of entry into tonnage tax system	1 018	2 159	-1 141	2 159
Other temporary differences	1 107	0	1 107	
Tax loss carry-forward	-2 869	-2 921	52	-1 839
Total deferred tax / tax asset (22%)	-927	-950	22	466
Deferred tax asset not recognised (22%)	-2 869	-2 921	52	-1 839
Total recognised deferred tax (22%%)	1 942	1 971	-29	2 304
Deferred tax provided by acquisition				-2 934
Adjusted deferred tax after acquisition				-630
Change deferred tax recognized through profit and loss account			-24	-632
Other changes deferred tax (recognized through OCI)			-5	3
Total			-29	-630

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	2019	%	2018	%
22/23% of ordinary income/loss before tax	1 163	22%	-2 561	23%
Adjustment previous year	-40	-1%		0%
22/23% effect of permanent differences related to shares	1	0%		0%
22/23% effect of other permanent differences	-320	-6%	3 049	-27%
Translation differences	2	0%	-1	0%
Effect of changed tax rate		0%	-90	1%
Tax cost according to Profit & Loss account	806	15%	397	-4%

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 2019 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. No deferred tax assets are recognized on finance deficits related to the tonnage tax regime.

Tax payable in Balance sheet consist of:	2019	2018
Payable tax related to current year	850	553
Tonnage tax of current year	160	150
Total payable tax	1 010	703

NOTE 10 - PAYROLL EXPENSES

PERSONNEL EXPENSES	2019	2018
Salary	5 359	5 646
Employers tax	889	896
Pension cost	604	614
Other benefits	331	292
Total personnel expenses	7 182	7 448
Number of employees	44	44

REMUNERATION (IN USD 1000)	2019	2018
Managing Director (CEO)		
Salary	326	320
Bonuses	45	61
Pension cost	41	42
Other remuneration	11	14
Director Marine Operations (CTO)		
Salary	243	244
Bonuses	22	46
Pension cost	25	26
Other remuneration	23	11
Director Commercial Operations (CCO)		
Salary	237	250
Bonuses		
Pension cost	38	40
Other remuneration	16	16
Total remuneration to key management personnel	1 028	1 070
Number of individuals included in key management personnel	3	3
Board of Directors		
Remuneration		107
Total remuneration to key management personnel and Board of Directors	1 028	1 177

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 recent restructuring process, the settlement for the 2019 financial year will be a cash consideration as it was for 2018.

Auditor

Remuneration to auditor consist of the following	2019	2018
Audit mandatory by law	134	74
Other certification services	3	9
Tax advisory services	6	2
Other non-audit services	15	13
Total	**157**	**99**

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 2019 are MNOK 3.6.

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 19 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:

	2019	**2018**
Discount rate	2.30%	2.60%
Expected salary increases	2.25%	2.75%
Rate of pension increases	1.50%	1.50%
Increase of National Insurance Basic amount (G)	2.00%	2.50%
Expected return on plan assets	2.30%	2.60%
Social Security Tax	14.10%	14.10%
Disability tariff	KU	KU
Mortality tariff	K2013	K2013

Net periodic pension cost:	***Non-funded plans***		***Funded plans***	
	2019	**2018**	**2019**	**2018**
Current service cost			33	50
Net interest expense /(income)	19	23	-3	-5
Past service cost		-186		
Administrative expenses			3	3
Social Security Tax	3	-23		
Net pension cost	21	-186	33	48

Present value of benefit obligation	***Non-funded plans***		***Funded plans***	
	2019	**2018**	**2019**	**2018**
Present value of benefit obligation at January 1	824	1 236	1 327	1 466
Remeasurements	13	-74	17	-15
Present value of the service cost			33	47
Net interest cost on benefit obligation	19	22	31	33
Past service cost		-174		
Pensions paid during the year	-184	-186	-212	-203
Present value of benefit obligation at December 31	672	824	1 197	1 327

Fair value of plan assets	***Non-funded plans***		***Funded plans***	
	2019	**2018**	**2019**	**2018**
Fair value of plan assets at January 1			1 540	1 731
Remeasurements			-95	-29
Actual return on plan assets			35	37
Company contributions			76	28
Administrative expenses			-19	-23
Past service cost				
Pensions paid during the year			-212	-203
Fair value of plan assets at December 31			1 326	1 540

Status of pension plans reconciled to the balance sheet

	Non-funded plans		***Funded plans***	
	2019	**2018**	**2019**	**2018**
Present value of pension obligations	-672	-824	-1 197	-1 327
Fair value of plan assets			1 326	1 540
Funded status of plans at December 31.	-672	-824	128	213
Social Security Tax	-183	-186		
Net pension obligations as at December 31	-855	-1 010	128	213

	2019	**2018**
Total net pension liability non-funded and funded plans recognised at Dec. 31	-727	-797

Expected payments related to the pension plans in 2020

With exeption of the closed funded plan for crew, the Group has no secured pension scheme. However, a payment of NOK 3.7 million is expected for the Defined-contribution Hybrid pension arrangement in 2020, which includes employees onshore, as well as a payment of USD 0.8 million to the defined contribution plan for seafarers.

The Company's estimated payments for non-funded pension plans are NOK 1.1 million for the fiscal year 2020, and NOK 2.1 mill for the funded plan.

NOTE 12 - RELATED PARTIES

Due to the reorganization of the group in 2018 there has been some changes related to who is regarded as related parties. Currently it is only companies where the Steensland family have control that are regarded as related parties. The shipping companies that was previously considered as related parties are now fully consolidated as of November 2018 and receivables and liabilities are therefore eliminated in the Group as of 31.12 for both 2018 and 2019. Profit & Loss account items up to and including October 2018 are still presented as transaction with related parties. All transactions with related parties, follows market principles.

	Profit & Loss Account		**Balance Sheet**	
	2019	**2018**	**31/12/2019**	**31/12/2018**
Management fee and technical fee (income)		8 678		
Interest income ship owning companies		275		
Interest expenses other related parties	-734	-78		
Receivables other related parties			56	57
Liabilities other related parties			-14 000	-13 423
Total	-734	8 875	-13 944	-13 366

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

NOTE 13 - BANK DEPOSIT

The group has the following restricted bank deposits

	2019	**2018**
Restricted bank deposit payroll withholding tax	468	409
Restricted bank deposit pension liability (*)	874	873

(*) 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:

	2019	**2018**
NOK	7 416	1 710
EUR	474	199
USD	36 690	27 651
Total	44 580	29 559

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

NOTE 14 - PERIODIC MAINTENANCE

	Periodic Maintenance	
	2019	**2018**
Book value as of 01.01.	**33 610**	
Addition in relation to establishment of group		26 691
Additions from newbuilds	**8 150**	
Additions during the year	**5 270**	8 302
Depreciation during the year	**-10 335**	-1 383
Book value as of 31.12	**36 695**	33 610
Depreciation plan	Linear	

The company recognizes the periodic maintenance and cost over a period of 5 years until the next periodic maintenance is expected to take place. Upcoming periodic maintenance is expected to complete in 2020 for three vessels. Two vessels completed their periodic maintenance in march and august 2019.

NOTE 15 - TANGIBLE FIXED ASSETS

	Vessels	Newbuild contracts	Other fixed assets	2019	2018
Acquisition costs 01.01	984 839	78 284	1 251	**1 064 373**	1 290
Translation differences			-13	**-13**	-67
Additions related to group establishment					1 048 198
Additions during the year	288 959	-78 284	14	**210 689**	14 951
Disposals during the year			-9	**-9**	
Acquisition costs 31.12	1 273 798		1 244	**1 275 042**	1 064 373
Accumulated ordinary depreciation 01.01	6 780		999	**7 779**	906
Depreciation during the year	43 972		124	**44 096**	6 929
Translation differences			-10	**-10**	-56
Accumulated depreciation and write-off 31.12	50 752		1 113	**51 865**	7 779
Book value as of 31.12	1 223 046		131	**1 223 176**	1 056 595
Useful life	30 years		3 - 6 years		3 - 30 years
Depreciation plan	Linear		Linear		Linear
Depreciation percentage			0 - 30%		0 - 30%

The vessels have been tested for impairment by comparing the carrying values against valuations obtained from brokers. Estimated value in use are calculated for the vessels that have an indication of impairment. The recoverable amount is estimated at the calculated value in use for each vessel when the broker value is lower. Estimated value in 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 charge of the vessels are then measured between book value and estimated value in use. Discount rate 7.16% (5 year) and 7.35% (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. Operating expenses is based on budget and is index regulated going forward.

Based on broker value only there was an indications of impairment for 8 out of 27 vessels as of 31.12 . An estimated value in use was calculated for these 8 vessels which resulted in no indications of impairment as of 31.12.

Newbuild contracts
Solvang Group had four 21.000 cbm Etylene carrier under construction at Hyundai Mipo Dockyard in Korea. The vessels were delivered in Q1, Q2 and Q3 2019. Total contract value was USD 199.2 million.
In addition Solvang Group had one VLGC carrier of 80.000 cbm under contstruction at Hyundai Heavy Industries in Korea. The vessel was delivered in Q4 2019. Contract value was USD 72.4 million.

NOTE 16 - RIGHT OF USE ASSETS / LEASES

The Group has a few lease arrangements. Prior to IFRS 16, the Group had both financial leases according to IAS 17 recognized on the statement of financial position, in addition to operating leases recognized in the "other operating expenses" as the lease cost incurred. As of 1 January 2019, the Group applied IFRS 16 using the modified retrospective approach. Please refer to Note 1 for further information on the impact of the initial application of IFRS 16.

Leases previously classified as finance leases under IAS 17
Prior to 1 January 2019, the Group classified finance leases according to IAS 17 as fixed asset. The carrying amount of the right-of-use asset and the lease liability at 1 January 2019 was determined to be the carrying amount of the lease asset and lease liability at the date of initial application of IFRS 16. The leases relate to one vessel.

Leases previously classified as operating leases under IAS 17
The Group leases offices with terms of 5–10 years. On transition to IFRS 16 at 1 January 2019, the Group recognized right-of-use assets (ROU assets) corresponding to the present value of future lease payments at a total amount of USD 2.9 million on leases previously classified as operating leases under IAS 17. Equity effect of the transitioning was USD 0. The right-of-use asset is classified as fixed asset.

PRACTICAL EXPEDIENTS APPLIED
The Group leases smaller office equipment, such as coffee machines and copyer with contract terms of 1-3 years. The Group has elected to apply the practical expedient of low-value assets for these leases. Leases that have a present value as new lower than USD 5 000, are considered low value leases. The Group has also applied the practical expedient for short-term leases. Short term is defined as a lease term of 12 month or less at the commencement date. For low-value leases and short-term leases, the Group does not recognize lease liabilities or right-of-use assets. The leases are instead expensed when they incur. Expenses relating to short-term and low value leases for 2019 amounts to KUSD 14.

SPECIFICATION OF RIGHT-OF-USE ASSETS

	Vessel	Office facilities	2019	2018
Acquisition costs 01.01	13 502		**13 502**	
Addition in relation to establishment of group				13 502
Initial application effect of IFRS 16		2 914	**2 914**	
Additions during the year *	416		**416**	
Acquisition costs 31.12	13 918	2 914	**16 833**	13 502
Accumulated ordinary depreciation 01.01	171		**171**	
Depreciations during the year	1 068	371	**1 438**	171
Accumulated depreciation and write-off 31.12	1 239	371	**1 609**	171
Book value as of 31.12	12 680	2 543	**15 223**	13 331

* Additions during the year relates to improvement to the vessel that is paid by us as the lessee and therefore does not have any impact to the amounts paid under the lease agreement.

SPECIFICATION OF LEASE LIABILITY

	Vessel	Office facilities	2019	2018
Book value as of 01.01.	-14 794		**-14 794**	0
Addition in relation to establishment of group				-15 310
Initial application effect of IFRS 16		-2 914	**-2 914**	0
Payments for the principal portion of the lease liability	2 906	312	**3 218**	516
Book value as of 31.12	-11 888	-2 603	**-14 491**	-14 794

Maturity of lease commitment as per 31.12

	Vessel		**Office facilities**		**2019**	
	Minimum payment	Book value/ Net present value	Minimum payment	Book value/ Net present value	Minimum payment	Book value/ Net present value
< 1 year	-3 009	-2 778	-459	-327	-3 468	-3 105
2 - 5 year	-10 391	-9 111	-1 838	-1 482	-12 228	-10 593
> 5 year			-854	-793	-854	-793
	-13 399	-11 888	-3 152	-2 603	-16 551	-14 491

NOTE 17 - DERIVATIVE FINANCIAL INSTRUMENTS

the Group employ interest rate swap agreements to establish greater stability for the Group's variable-rate loan interest expenses. The Group has decided that some of its variable interest-bearing liabilities should be secured using interest rate swap agreements. A given proportion will always be at a floating rate, while the remainder will be subject to potential hedging even though hedge accounting is not applied. This situation is constantly reviewed in light of the market situation. The interest rate swap agreements normally have a duration of three to five years.

Interest swap agreements

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 31.12.19 (TUSD)**	**Fair value per 31.12.18 (TUSD)**
5-year interest swap of MUSD 50	1.2550 %	24/06/2016	30/05/2017	31/05/2022	479	2 170
5-year interest swap of MUSD 50	1.7440 %	26/06/2019	01/07/2019	22/03/2024	-163	
5-year interest swap of MUSD 50	1.4925 %	06/08/2019	23/09/2019	22/03/2024	342	
5-year interest swap of MUSD 25	1.6825 %	02/08/2019	31/10/2019	31/10/2024	19	
5-year interest swap of MUSD 20	1.2400 %	02/10/2012	02/01/2014	02/01/2019		1
					678	2 172

Classifications of financial instruments

Except for the interest swap agreements that is accounted for using fair value through profit and loss account, all financial assets and liabilities are classified at amortized cost.

NOTE 18 - LONG TERM DEBT

With the exception of the previous overdraft facility in Solvang ASA (no longer available), 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. In March 2019 the group completed a refinancing of a fleet loan including most of the vessels now directly owned by the subsidiary Clipper Shipping AS.
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 was in compliance with covenants in the loan agreements during the year and at 31.12.

SECURED DEBT	2019	2018
Long term debt to financial institution	695 748	573 209
Long term debt issuance cost	-6 822	
Long-term debt	688 926	573 209
Next year installment long term debt	104 442	48 793
Accrued interest long term debt	1 802	1 627
Current portion of long-term debt	106 244	50 420
Total net debt as of 31.12	**795 170**	**623 629**
Minority interest of book value as of 31.12.	94 476	80 381

COLLATERAL FOR DEBT	2019	2018
Vessel	1 223 046	978 059
Bank deposits	42 216	27 261
Bunkers, lubricant oil etc.	5 118	2 886
Accounts receivables	6 581	1 227
Book value as of 31.12.	**1 276 960**	**1 009 432**

Change in interest-bearing debt is specified in the table below.

	Overdraft facility	Long term debt	Other long term debt	Total
Interest bearing debt as of 01.01.18	2 404			2 404
Proceeds from borrowings	4 416		13 000	17 416
Repayment of borrowings		-11 809		-11 809
Non-cash changes				
Additions related to group establishment		633 812	423	634 234
Changes in accrued interests		1 627		1 627
Interest bearing debt as of 31.12.18	6 821	623 629	13 423	643 873
Proceeds from borrowings		678 300	1 000	679 300
Paid Long term debt issuance cost		-7 943		-7 943
Repayment of borrowings	-6 821	-500 112	-423	-507 356
Non-cash changes				
Changes in accrued interests		175		175
Amortized debt issuance cost		1 121		1 121
Interest bearing debt as of 31.12.19	0	795 170	14 000	809 170

Maturity overview of financial debt as of 31.12.2019

	Long term debt	Other long term debt	Total
< 1 year	106 244		106 244
2 - 5 year	661 578	14 000	675 578
> 5 year	27 348		27 348
	795 170	14 000	809 170

The figures in the above table does not include future interest prognosis.

NOTE 19 - OTHER RECEIVABLE AND COMMITMENTS

The Group has two BareBoat contracts for the same vessel. One in and one out.

The contracts are considered to be cash flow contracts for the administrative handling until the expiry of the contract periods.

	Commitment BB out	
Overview of lease commitment as per 31.12	Minimum payment	Book value/ Net present value
< 1 year	-2 562	-2 035
2 - 5 year	-9 610	-6 685
> 5 year		
	-12 172	-8 720

	Receivable BB in	
Overview of lease claim as per 31.12	Minimum payment	Book value/ Net present value
< 1 year	2 941	2 336
2 - 5 year	10 159	7 080
> 5 year		
	13 100	9 416

NOTE 20 - RECEIVABLES

Recivables consist mainly of trade debtors, prepaid voyage costs and accruals. The Group has a long term 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:

	2019		2018		
	Non-current	**Current**	**Non-current**	**Current**	
Financial assets at amortized cost					
Receivable BB in	9 416		11 932		*(ref note 19)*
Financial assets at FVPL					
Interest Swap	678		2 172		*(ref note 17)*
Deposit and guarantees		874		873	*(ref note 13)*
Prepayments and other assets					
Accounts receivable		6 581		1 227	
VAT receivable		439		937	
Accruals and prepayments		4 078		1 266	
Other receivables		3 394	221	3 608	
Total receivables	10 094	15 366	14 325	7 910	

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 2019, nor is it deemed necessary with provision for possible losses on the receivables.

The above book values are considered a reasonable approximation of fair value.

NOTE 21 - EQUITY

The company's main shareholders as of 31.12.2019

	31/12/2019		31/12/2018	
Name of owner	**# of shares**	**Ownership**	**# of shares**	**Ownership**
Clipper AS	29 330 654	31.49%	27 481 312	31.53%
Straen AS	18 117 245	19.45%	16 950 218	19.45%
Audley AS	16 126 163	17.31%	15 087 392	17.31%
Barque AS	8 812 908	9.46%	8 245 222	9.46%
Leif Hübert AS	2 882 741	3.09%	2 689 151	3.09%
Jaco Invest AS I	2 150 000	2.31%	2 010 668	2.31%
Skagenkaien Eiendom Holding AS	1 926 318	2.07%	1 199 756	1.38%
Tyin AS	1 880 389	2.02%	1 759 263	2.02%
Motor-Trade Eiendom og Finans AS	1 578 373	1.69%	1 476 702	1.69%
Mertoun Capital AS	1 359 782	1.46%	1 269 782	1.46%
Torkap AS	1 456 218	1.56%	1 263 419	1.45%
Taif AS	1 308 608	1.40%	1 224 314	1.40%
Menne Invest AS	1 206 148	1.29%	1 128 454	1.29%
Other < 1%	5 010 061	5.38%	5 359 955	6.15%
Totalt	93 145 608	100.00%	87 145 608	100.00%

The board of directors has no direct ownership in the company, nor control any shares in the company as of 31.12.2019.
The CEO, Edvin Endresen, owns 10 720 shares in the company as of 31.12.2019.

Proposed dividend
The Board of Directors has proposed no dividend for 2019. There was neither paid a dividend for 2018.
The company has no other dividend limitations than those imposed by Norwegian law.

Treasury shares
As of 31.12.2019 Solvang ASA holds no treasury shares.

NOTE 22 - SUBSEQUENT EVENTS

The recent outbreak of COVID-19 virus has already and will continue to affect economic conditions regionally as well as globally. For 2020 we expect a moderate economic impact of our operation as many of our vessels within the group are sailing on fixed-rate contracts. The ultimate severity of the COVID-19 virus outbreak is in any case uncertain at this time, and so is the total impact it may have on the group’s future operations and the health of our employees.

There are no other subsequent events of a material concern.

PARENT COMPANY

2019

Profit & Loss Account | Solvang ASA

Amounts in NOK 1 000	Note	2019	2018
Management fee	10	88 998	85 948
Other Income		0	96
Total Operating income		**88 998**	**86 043**
Salaries and other personnel expenses	8	63 232	60 582
Depreciation	13	1 093	1 211
Other operating expenses	8,13	16 602	16 354
Total operating expenses		**80 928**	**78 147**
Operating result		**8 071**	**7 896**
Affiliated companies equity method	3	56	24
Financial income	4,10	182 140	2 668
Financial expenses	5,10	-166 228	-2 598
Net financial items		**15 968**	**95**
Ordinary result before tax		**24 038**	**7 991**
Tax on ordinary result	6	5 304	1 951
Net profit or loss for the year		**18 734**	**6 040**

Net profit or loss for the year is distributed as follows			
Dividend		0	0
To/from other equity		-18 734	-6 040
Total distributed		**-18 734**	**-6 040**

Balance Sheet | Solvang ASA

Amounts in NOK 1 000	Note	31/12/2019	31/12/2018
ASSETS			
Fixed Assets			
Intangible fixed assets			
Deferred tax asset	6	1 852	2 039
Total intangible fixed assets		**1 852**	**2 039**
Tangible fixed assets			
Office equipment, furniture etc	13	1 148	2 192
Total tangible fixed assets		**1 148**	**2 192**
Financial fixed assets			
Investments in subsidiaries	7	2 859 253	2 312 468
Loans to group companies (Back-to-back)	10,15	4 118 061	0
Investments in affiliated companies	3	303	277
Other long term receivables	12	82 676	103 699
Total financial fixed assets		**7 060 292**	**2 416 444**
Total fixed assets		**7 063 292**	**2 420 675**
Current Assets			
Receivables			
Accounts receivables	10	494	491
Short term receivables group companies	10,14	27 583	552 551
Other short term receivables	11,14	21 815	20 186
Total receivables		**49 892**	**573 228**
Cash and bank deposits	11	96 649	7 252
Total current assets		**146 541**	**580 480**
TOTAL ASSETS		**7 209 833**	**3 001 155**

Balance Sheet | Solvang ASA

Amounts in NOK 1 000	Note	31/12/2019	31/12/2018
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	17	465 728	435 728
Share premium reserve		2 076 295	1 962 295
Total paid-in capital		**2 542 023**	**2 398 023**
Retained earnings			
Other equity		429 865	411 290
Total retained earnings		**429 865**	**411 290**
Total equity	**17**	**2 971 888**	**2 809 313**
Liabilities			
Provisions			
Pension liabilities	9	7 507	8 781
Total provisions		**7 507**	**8 781**
Long term liabilities			
Loan (back-to-back)	15	4 118 061	0
Other commitments	12	76 567	94 834
Total long term liabilities		**4 194 628**	**94 834**
Current liabilities			
Liabilities to financial institution		0	59 280
Trade creditors		2 708	2 504
Current liabilities Group companies	10	9 595	0
Tax payable	6	5 071	1 269
Public duties payable		7 292	14 483
Other short term liabilities		11 145	10 690
Total current liabilities		**35 811**	**88 227**
Total liabilities		**4 237 945**	**191 842**
TOTAL EQUITY AND LIABILITIES		**7 209 833**	**3 001 155**

Stavanger, 12th May 2020

Michael Steensland Brun
Chairman of the Board

Ellen Solstad

Jostein Devold

Edvin Endresen
CEO

Cash Flow Statement | Solvang ASA

Amounts in NOK 1 000	Note	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before tax		24 038	7 991
Taxes paid	6	-1 269	-2 730
Profit / (loss) on sale of fixed assets	13	50	0
Depreciation and amortisation	13	1 093	1 211
Difference between expensed pension and paid in/out	9	-1 486	-2 910
Result in other affiliated companies	3	-56	-24
Changes in inventories, trade receivables and trade payables		201	333
Changes in other current balance sheet items		-8 365	44 169
Financial items		-402	0
Net cash flow from operating activities		**13 804**	**48 040**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale / purchase of tangible fixed assets	13	-99	-237
Investment affiliated companies	3	35	0
Received payments other receivable		25 326	
Net cash flow from investing activities		**25 262**	**-237**
CASH FLOW FROM FINANCING ACTIVITIES			
Changes in overdraft facility		-59 280	39 466
Payment other commitments		-22 167	
Change in outstanding accounts group companies		-12 222	-104 214
Issue / repurchase of partnership capital	17	144 000	0
Dividends paid		0	-4 202
Net cash flow from financing activities		**50 330**	**-68 949**
Net change in cash and cash equivalents		**89 397**	**-21 146**
Cash and cash equivalents 01.01		7 252	28 398
Cash and cash equivalents 31.12		**96 649**	**7 252**

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 2019.

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.

Long term loan (Back-to-back)
The interest and loan are presented gross in both P&L and Balance sheet as this relates to a flow-through loan. The loan is set up with Back-to-back terms, hence it has no actual effect to the accounts.

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 31.12.2019 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 01.01.2019	Share of net profit	Dividend received	Translation differences	Closing balance 31.12.2019
Solvang Phillipines Inc	25%	102	102	277	56	-35	5	303
Total		102	102	277	56	-35	5	303

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

We have not received final or audited accounts from the affiliated companies, hence the amounts presented in this note is estimate only.

NOTE 4 - FINANCIAL INCOME

	2019	**2018**
Interest income	702	1 504
Interest received from group companies	17 164	0
Interest income back-to-back loan (*ref note 15*)	159 943	0
Income receivable BB in	4 302	
Currency gain	0	1 165
Other financial income	29	0
Total	**182 140**	**2 668**

NOTE 5 - FINANCIAL EXPENSES

	2019	**2018**
Interest and banking expenses	617	710
Interest group companies	0	1 324
Interest loan (back-to-back) *ref note 15*	159 943	0
Cost of commitment BB out	3 900	
Currency loss	374	0
Other financial expenses	1 393	564
Total	**166 228**	**2 598**

NOTE 6 - TAX

		2019	2018
Ordinary income/loss before tax		24 038	7 991
Permanent differences related to shares		35	0
Permanent differences		91	111
Differences related to equity method		-56	-24
Changes in temporary differences		-1 058	-2 559
Applied loss carried forward		0	0
Net taxable income/loss		**23 050**	**5 519**
Tax Payable	**22/23%**	**5 071**	**1 269**
Tax expenses for the year			
Tax Payable		5 071	1 269
Gross changes in deferred tax / deferred tax assets		186	610
Deferred tax of remeasurement pensions recognized in equity		47	-22
Effect Change in tax rate		0	93
Total tax on income for the year		**5 304**	**1 951**
Specification of temporary differences:			
Long term temporary differences			
Tangible fixed asset		-913	-485
Pension liabilities		-7 507	-8 781
Total		**-8 420**	**-9 266**
Deferred tax / deferred tax assets	**22%**	**-1 852**	**-2 039**
Reconciliation tax expenses for the year			
22/23% of ordinary income/loss before tax		5 288	1 838
Changes related to equity method		-12	-6
22/23% effect of permanent differences related to shares		8	0
22/23% effect of other permanent differences		20	26
Effect of change in tax rate		0	93
Tax cost according to Profit & Loss account		**5 304**	**1 951**

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%	700 000 000	100	7 000 000	700 000 000	2 858 984 079
Solvang Maritime AS	100%	100 000	1 000	100	100 000	268 667
Total Subsidiaries						**2 859 252 746**

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

During 2019 Clipper Shipping AS had a capital increase by debt conversion of NOK 546.8 million.

NOTE 8 - PAYROLL EXPENSES

	2019	2018
Personnel expenses		
Salary	47 178	45 927
Employers tax	7 827	7 285
Pension cost	5 314	4 996
Other benefits	2 913	2 375
Total personnel expenses	63 232	60 582
Number of employees	44	44

Remuneration (in NOK) 2019

	Director's fees	Salary	Bonuses	Pension costs	Other remuneration	Total remuneration
MANAGERS						
Edvin Endresen, CEO		2 872 620	399 000	364 785	96 695	3 733 100
Tor Øyvind Ask, Dir. Marine Operations		2 141 189	197 321	221 512	199 446	2 759 468
Tor Augdal, Chief Commercial Director (CCO)		2 082 111	0	335 389	144 124	2 561 624
Total remuneration	**0**	**7 095 920**	**596 321**	**921 687**	**440 265**	**9 054 193**

There has been no payment of remuneration to Board of directors during 2019.

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 2019 financial year will be a cash consideration as it was for 2018.

AUDITOR
The fee to the auditors for 2019 amounts to NOK 565 248, whereof NOK 465 000 relates to audit required by law, NOK 20 000 relates to other certification service and NOK 80 248 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 2019 are 3,654,118, -.

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

	2019	**2018**
Discount rate	2.30%	2.60%
Expected salary increases	2.25%	2.75%
Rate of pension increases	1.50%	1.50%
Increase of National Insurance Basic amount (G)	2.00%	2.50%
Expected return on plan assets	2.30%	2.60%
Social Security Tax	14.10%	14.10%

Net periodic pension cost:	**Non-funded plans**	
	2019	**2018**
Benefits earned during the year		
Interest cost	165	189
Past service costs	0	-1 516
Social Security Tax	23	-187
Net periodic pension cost	**189**	**-1 514**

Actual return on plan assets

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

	2019	**2018**
Net actuarial gains/losses 01.01	-4 729	-4 801
Current year actuarial gains/losses	-212	95
Tax	47	-23
Net actuarial gains/losses 31.12	**-4 894**	**-4 729**

Status of pension plans reconciled to the balance sheet

	Non-funded plans	
	2019	**2018**
Present value of pension obligations	-5 901	-7 162
Fair value of plan assets	0	0
Funded status of plans at December 31.	-5 901	-7 162
Social Security Tax	-1 605	-1 620
Net pension liability recognised at December 31.	**-7 507**	**-8 781**

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	
	2019	**2018**	**31/12/2019**	**31/12/2018**
Management fee (income)	88 998	85 948		
Interest subsidiaries (back-to-back)	159 943	0		
Net interest subsidiaries	17 164	-1 324		
Net Interest other related parties	0	1 157		
Receivables group companies			27 583	521 383
Liabilities group companies			-9 595	0
Loan subsidiaries (back-to-back)			4 118 061	0
Net receivables ship owning companies (Subsidiary)			0	31 168
Net receivables other related parties			494	491
Liabilities other related parties			0	0
Total	**266 105**	**85 781**	**4 136 543**	**553 042**

NOTE 11 - RESTRICTED BANK DEPOSIT

In connection with payment of payroll withholding tax, the company has a restricted bank deposit of NOK 3,601,862,-.

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 7,675,287,-

The account is included in other short term receivables.

NOTE 12 - OTHER RECEIVABLE AND COMMITMENTS

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			Receivable BB in		Commitment BB out	
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			2 941	2 336	-2 562	-2 035
2 - 5 year			10 159	7 080	-9 610	-6 685
> 5 year						
			13 100	9 416	-12 172	-8 720
Converted to NOK at 31.12	*FX rate*	*8.7803*		**82 676**		**-76 567**

NOTE 13 - TANGIBLE FIXED ASSETS

	Software and office equipment	Furniture and fixtures	Non depreciable assets	2019	2018
Acquisition costs 01.01	6 249	4 382	240	**10 871**	10 634
Additions during the year	124	0	0	**124**	237
Disposals during the year	0	0	-75	**-75**	0
Acquisition costs 31.12	6 373	4 382	165	**10 920**	10 871
Accumulated ordinary depreciation 01.01	5 165	3 513	0	**8 679**	7 467
Depreciation during the year	830	264	0	**1 093**	1 211
Accumulated depreciation sold/disposed assets	0	0	0	**0**	0
Accumulated depreciation and write-off 31.12	5 995	3 777	0	**9 772**	8 679
Book value as of 31.12	378	605	165	**1 148**	2 192
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 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 31.12.2019 is MUSD 148.4. Solvang ASA has guaranteed for all of this amount.

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

In March 2019, Solvang together with the subsidiary Clipper Shipping AS, entered into a 5-year loan agreement for refinancing a fleet loan for the major part of vessels owned by Clipper Shipping AS. The refinancing was carried out with Solvang ASA as the Borrower and Clipper Shipping AS as the Guarantor.
As the loan is related to financing of vessels owned by Clipper Shipping AS, the loan is further distributed from Solvang ASA to Clipper Shipping AS on Back-to-back terms.
Longterm loan as of 31.12 amounts to USD 474,7 millions.
The company has no debt that falls due more than five years after the balance sheet date.

Summary of Long term loan as of 31.12.

Amounts in KNOK	**Receivables (back-to-back terms)**	**Long term loan**
Long term loan	4 167 660	-4 167 660
Capitalized borrowing costs	-49 599	49 599
Total	4 118 061	-4 118 061

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	Share premium reserve	Other Equity	Total equity
Equity as of 31.12.2018	**435 728**	**1 962 295**	**411 290**	**2 809 313**
Profit / loss of the year			18 734	18 734
Translation differences *(note 3)*			5	5
Remeasurement pension liability (net after tax)			-165	-165
Capital increase	30 000	114 000		144 000
Equity as of 31.12.2019	**465 728**	**2 076 295**	**429 865**	**2 971 888**

Treasury Shares

As of 31.12.2019 Solvang ASA holds no treasury shares.

Shareholders

The share capital of Solvang ASA consist of 93,145,608 ordinary shares, each with a par value of NOK 5,-.
All shares have equal rights.

The company's main shareholders as of 31.12.2019

Name of owner	# of shares	Ownership
Clipper AS	29 330 654	31.49%
Straen AS	18 117 245	19.45%
Audley AS	16 126 163	17.31%
Barque AS	8 812 908	9.46%
Leif Hübert AS	2 882 741	3.09%
Jaco Invest AS I	2 150 000	2.31%
Skagenkaien Eiendom Holding AS	1 926 318	2.07%
Tyin AS	1 880 389	2.02%
Motor-Trade Eiendom og Finans AS	1 578 373	1.69%
Torkap AS	1 456 218	1.56%
Mertoun Capital AS	1 359 782	1.46%
Taif AS	1 308 608	1.40%
Menne Invest AS	1 206 148	1.29%
Others < 1%	5 010 061	5.38%
Totalt	**93 145 608**	**100.00%**

The board of directors has no direct ownership in the company, nor control any shares in the company as of 31.12.2019.
The CEO, Edvin Endresen, owns 10 720 shares in the company as of 31.12.2019.

NOTE 18 - SUBSEQUENT EVENTS

The recent outbreak of COVID-19 virus has already and will continue to affect economic conditions regionally as well as globally. For 2020 we expect a moderate economic impact of our operation as many of our vessels within the group are sailing on fixed-rate contracts. The ultimate severity of the COVID-19 virus outbreak is in any case uncertain at this time, and so is the total impact it may have on the group's future operations and the health of our employees.

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	Spot	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 Eos	100.00	TC	NIS	21 000 cbm	LPG/Ethylene	2019
Clipper Enyo	100.00	Spot	NIS	21 000 cbm	LPG/Ethylene	2019
Clipper Eirene	100.00	Spot	NIS	21 000 cbm	LPG/Ethylene	2019
Clipper Eris	100.00	TC	NIS	21 000 cbm	LPG/Ethylene	2019
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	100.00	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 Wilma	58.3	TC	NIS	80 000 cbm	LPG/Ammonia	2019
Clipper Sun	50.00	TC	NIS	82 000 cbm	LPG/Ammonia	2008
Clipper Quito	100.00	TC	NIS	84 000 cbm	LPG/Ammonia	2013
Clipper Posh	100.00	TC	NIS	84 000 cbm	LPG/Ammonia	2013

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 2019, the income statement 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 2019, the income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows 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 2019, 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 2019, 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.

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pwc

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 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, 12 May 2020
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant

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