

**Group Package  
Accounts**

Company registration number SC311252 (Scotland)

**SONGA SHIPMANAGEMENT LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
PAGES FOR FILING WITH REGISTRAR**



# SONGA SHIPMANAGEMENT LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A Blystad K MacLeod
<b>Secretary</b>	C MacLean
<b>Company number</b>	SC311252
<b>Registered office</b>	2 Marchfield Drive Paisley United Kingdom PA3 2RB
<b>Auditor</b>	Azets Audit Services Titanium 1 King's Inch Place Renfrew Renfrewshire United Kingdom PA4 8WF

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# SONGA SHIPMANAGEMENT LIMITED

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# SONGA SHIPMANAGEMENT LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their annual report and financial statements for the year ended 31 December 2021.

### Principal activities

The principal activity of the company continued to be that of providing technical management services to ship-owners worldwide.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Blystad  
K MacLeod

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



K MacLeod

Director

16 December 2022

# SONGA SHIPMANAGEMENT LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	5		957,113		1,016,058
Investment properties	6		252,000		282,618
Investments	7		1		1
			<u>1,209,114</u>		<u>1,298,677</u>
<b>Current assets</b>					
Debtors	8	88,694		27,993	
Cash at bank and in hand		<u>2,041,077</u>		<u>697,853</u>	
		2,129,771		725,846	
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,078,153)</u>		<u>(260,268)</u>	
<b>Net current assets</b>			<u>1,051,618</u>		<u>465,578</u>
<b>Total assets less current liabilities</b>			<u>2,260,732</u>		<u>1,764,255</u>
<b>Creditors: amounts falling due after more than one year</b>	10		(288,340)		(320,498)
<b>Provisions for liabilities</b>			<u>(12,413)</u>		<u>(19,903)</u>
<b>Net assets</b>			<u><u>1,959,979</u></u>		<u><u>1,423,854</u></u>
<b>Capital and reserves</b>					
Called up share capital			675,567		675,567
Profit and loss reserves			<u>1,284,412</u>		<u>748,287</u>
<b>Total equity</b>			<u><u>1,959,979</u></u>		<u><u>1,423,854</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 16 December 2022 and are signed on its behalf by:



K MacLeod  
Director

Company Registration No. SC311252

# SONGA SHIPMANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### Company information

Songa Shipmanagement Limited is a private company limited by shares incorporated in Scotland. The registered office is 2 Marchfield Drive, Paisley, United Kingdom, PA3 2RB.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Songa Shipmanagement Limited is a wholly owned subsidiary of Songa Tankers AS (formerly known as Songa Shipholding AS) and the results of Songa Shipmanagement Limited are included in its consolidated financial statements which are available from Haakon Vlls gt 1, 0161 Oslo.

##### 1.2 Prior period adjustment

The following amounts have been reclassified in respect of the comparative figures presented:

- £568K has been reclassified from other income to revenue. The directors believe this reclassification provides more relevant and reliable information regarding the respective categories of income.
- An adjustment has been raised to gross up both revenue and cost of sales by £427K to account for revenue in accordance with the underlying management agreements.
- The portion of the company's properties that were held for rental or capital appreciation were previously incorrectly held as freehold property. As such, a prior period reclassification adjustment has been processed to transfer these to investment property.

There is no impact to total equity or loss for the financial year as previously reported. Further details are held at note 15 to the financial statements.

# SONGA SHIPMANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Revenue relates to the provision of ship management services. Services are performed over the period of the contracts to which they relate.

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% Straight Line
Leasehold improvements	20% Straight Line
Fixtures and fittings	20% Straight Line
Computers	20% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Property rented to a group entity is accounted for as tangible fixed assets.

#### 1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# SONGA SHIPMANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.



# SONGA SHIPMANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# SONGA SHIPMANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### **Client money**

Under the terms of the company's contracts with its customers, the company acts as agent for the ships under its management. As part of this arrangement it holds client money under supervision. As the company does not have the ability to benefit from the client assets, nor bear any credit risk or earn interest on the deposited money, the company considers this does not meet the definition of an asset under accounting standards. As such, these amounts are not included within the company's reported assets. The total value of client assets under supervision at the year end amounted to £435,998 (2020 - £733,972).

#### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	32	42

#### 4 Directors' remuneration

	2021 £	2020 £
Remuneration paid to directors	227,385	218,750

# SONGA SHIPMANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Tangible fixed assets

	Freehold land and buildings	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2021	957,249	45,747	164,886	226,825	1,394,707
Additions	-	-	4,510	9,424	13,934
At 31 December 2021	957,249	45,747	169,396	236,249	1,408,641
<b>Depreciation and impairment</b>					
At 1 January 2021	88,532	45,747	114,796	129,574	378,649
Depreciation charged in the year	19,145	-	12,475	41,259	72,879
At 31 December 2021	107,677	45,747	127,271	170,833	451,528
<b>Carrying amount</b>					
At 31 December 2021	849,572	-	42,125	65,416	957,113
At 31 December 2020	868,717	-	50,090	97,251	1,016,058

### 6 Investment property

	2021 £
<b>Fair value</b>	
At 1 January 2021	282,618
Revaluations	(30,618)
At 31 December 2021	252,000

The fair value of the investment property has been arrived at on the basis of a valuation carried out by the directors. The valuation was made on an open market value basis by reference to market evidence.

### 7 Fixed asset investments

	2021 £	2020 £
Shares in group undertakings and participating interests	1	1

### 8 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	44,831	-
Other debtors	43,863	27,993
	88,694	27,993

# SONGA SHIPMANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans	32,155	32,760
Trade creditors	39,201	23,241
Amounts owed to group undertakings	681,155	-
Corporation tax	33,546	46,703
Other taxation and social security	143,746	128,365
Other creditors	148,350	29,199
	<u>1,078,153</u>	<u>260,268</u>

### 10 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	<u>288,340</u>	<u>320,498</u>

The long-term loans are secured by first ranking standard security over Unit 3, Marchfield Drive, Paisley, PA3 2RB as well as a floating charge over the entity's remaining property holding.

### 11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Alan Brown and the auditor was Azets Audit Services.

### 12 Operating lease commitments

#### Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

2021	2020
£	£
<u>401,424</u>	<u>465,101</u>

# SONGA SHIPMANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Ship management revenue & re-billing		Crew management costs	
	2021	2020	2021	2020
	£	£	£	£
Entities within group	1,886,433	2,651,410	-	-
Entities over which the entity has control, joint control or significant influence	299,828	285,891	(242,981)	(426,726)
Other related parties	782,375	831,443	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
			2021	2020
Amounts due to related parties			£	£
Entities within group			119,344	-
			<u>          </u>	<u>          </u>

### 14 Parent company

The ultimate parent company, which is the largest group preparing consolidated accounts which include Songa Shipmanagement Limited, is Song Corp, a company incorporated in Norway. Copies of the group financial statements of the Songa Corp can be obtained from its registered office at Haakon V11's Gate 1, PO Box 1468, Vika, 0116 Oslo, Norway.

The immediate parent company, which is the smallest preparing consolidated accounts which include Songa Shipmanagement Limited, is Songa Tankers AS (formerly known as Songa Shipholding AS), a company incorporated in Norway. Copies of the group financial statements can be obtained from its registered office at Haakon V11's Gate 1, PO Box 1468, Vika, 0116 Oslo, Norway.

### 15 Prior period adjustment

#### Changes to the balance sheet

	As previously reported	Adjustment	As restated at 31 Dec 2020
	£	£	£
<b>Fixed assets</b>			
Tangible assets	1,298,676	(282,618)	1,016,058
Investment properties	-	282,618	282,618
Net assets	1,423,854	-	1,423,854
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Capital and reserves</b>			
Total equity	1,423,854	-	1,423,854
	<u>          </u>	<u>          </u>	<u>          </u>

# SONGA SHIPMANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Prior period adjustment

(Continued)

#### Changes to the profit and loss account

	As previously reported	Adjustment	As restated
Period ended 31 December 2020	£	£	£
Turnover	2,774,400	994,346	3,768,746
Cost of sales	(2,660,399)	(426,726)	(3,087,125)
Administrative expenses	(597,973)	2,342	(595,631)
Other operating income	639,120	(567,620)	71,500
Fair value gains and losses on investment properties	-	(2,342)	(2,342)
Profit for the financial period	219,788	-	219,788

#### Reconciliation of changes in equity

The prior period adjustments do not give rise to any effect upon equity.

#### Reconciliation of changes in profit for the previous financial period

	2020 £
Total adjustments	-
Profit as previously reported	219,788
Profit as adjusted	219,788

# **ANNUAL REPORT**

**2021**

## **SONGA SHIPHOLDING AS**

Songa Shipholding AS  
Haakon Vlls gt 1  
0161 Oslo  
Phone: +47 23 11 82 70  
[www.blystad.no](http://www.blystad.no)

Norwegian Enterprise no 911 913 259

# SONGA SHIPHOLDING AS

## BOARDS REPORT 2021

### **The company**

Songa Shipholding AS was founded in 2013 and is the parent company in a group consisting of a total of nine subsidiaries. The Company and the Group's main business office is located in Oslo.

### **Group activities in 2021**

Through the Parent company and its subsidiaries, Songa Shipholding AS operates in the shipping sector. The Group has offices in Glasgow (Scotland) and Oslo (Norway).

Vessels are owned and operated through the subsidiaries Songa Product and Chemical Tankers AS, Songa Product and Chemical Tankers II AS, Songa Product and Chemical Tankers III AS, and Songa Product and Chemical Tankers IV AS, all incorporated in Norway.

At year-end 2021 the fleet consists of two 13 000 dwt chemical tankers, seven 17 000 dwt chemical tankers and one Aframax crude oil tanker. In addition, the Group has one 49 000 dwt vessels and one 20 000 dwt vessel hired on bareboat contracts. The vessels are operated on time charter contracts, in pools and on spot voyages.

In 2021 the market for chemical tankers in general has been down due to the Covid-19 pandemic. The average rate for the 17 000 dwt in 2021 was 8 179 compared to 9 438 in 2020. For the 13000 dwt the rate was 9 630 in 2021 compared to 8 750 in 2020. Thus, impacting the Groups income and vessel values.

Songa Shipholding AS also owns 34.47 % of the shares in Songa Chemical AS which owns four 19.900 dwt 2009-built chemical carriers, and 46,30 % of the shares in Songa Passage AS which owns one MR tanker.

Technical management for the Group's vessels is provided by Songa Shipmanagement Ltd, a subsidiary incorporated in Glasgow, Scotland. In addition, the shareholder of the Group holds a number of shipping related shares and units in associated and other companies.

### **Work environment**

The Group has a total of 44 employees at the office in Glasgow. All activities in Norway are handled by employees in Arne Blystad AS, a sister company of Songa Shipholding AS. The parent company did not have any employees at the end of the year. For appointments and election of directors the Company aims there should be no discrimination on the grounds of gender.

### **Environmental reporting**

The Company's onshore activities do not pollute the external environment. Its marine activities are conducted in accordance with operating and reporting procedures that ensure compliance with national and international requirements and regulations to which the Group is subject.

To reduce emissions from the vessels and prepare for IMO 2020, the Management decided in 2018 to install exhaust gas scrubbers on 12 of our vessels.

### **Going concern assumption**

The annual financial statement is prepared under the going concern assumption, and the Board hereby confirms this assumption is valid. Basis for the assumption is the Company's solid equity base, budgets for the year 2022 and the Group's long-term strategic forecast for the coming years.



**Financial risks**

The Group's market risk is mainly related to development in freight rates, exchange rates and future interest levels. Future earnings will to a large extent be influenced by the development in these markets.

**Insurance for board members and general manager**

There is no insurance policy for members of the Board of Directors and the general manager for their potential liability towards the company and third-parties

**The financial statements for 2021**

Total revenues for the Group in 2021 ended at USD 42.7 mill (2020 USD 63.5 mill). The parent company had no income in 2021.

The operating loss for the Group amounted to USD -3.4 mill (loss of USD -9.8 mill in 2020).

Net financial result for the year was USD -1.3 mill (2020 USD -5.9 mill).

Net loss after tax for the Group was USD -4.8 mill (2020 loss of USD -15.7 mill). The corresponding figure for the parent company was a loss of USD -15.9 mill (2020 loss of USD -13.3 mill).

The cash and cash equivalents of the Group at 31 December 2021 amounted to USD 9.8 mill. The Group's liquidity position is considered satisfactory.

Total assets for the Group at year end were USD 168.3 mill (2020 USD 180.4 mill), and for the parent company USD 114.2 mill (2020 USD 124.8 mill). Book value of equity for the Group at 31 December 2021 amounted to USD 105.5, which represents 62.7 % of total capital. Comparable figures for the Parent company were USD 107.0 mill, and 93.7 %.

The Group's debt to financial institutions was USD 54.5 mill (2020 USD 66.6 mill). The short-term liabilities of the Group at 31 December 2021 was USD 5.7 mill (2020 USD 4.7 mill), and the parent company had short-term liabilities amounting to USD 4.1 mill (2020 USD 2.9 mill).

In the opinion of the board of directors, the disclosed statement of income and statement of financial position with associated statement of cash flows and notes give a true and fair view of the operations and financial situation of the Company. To the best of the directors' knowledge there are no other matters of significance for assessing the Company's financial position at 31 December 2021.

The board proposes the following allocation of the Company's profit for the year:

<u>Transferred from other equity:</u>	<u>15 905 682</u>
Total allocated:	15 905 682

Oslo, 27 June 2022

The board of directors of Songa Shipholding AS

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Arne Blystad  
Chairman

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Marianne H. Blystad  
Board member

# SONGA SHIPHOLDING AS

USD 1 000

Parent		STATEMENT OF INCOME	Note	Group	
2020	2021			2021	2020
-	-	Other income	3	42 672	59 738
-	-	Gain/loss sale of fixed assets		0	3 789
-	-	<b>Total revenues</b>		<b>42 672</b>	<b>63 527</b>
-	-	Operating expenses vessels	4	24 873	31 042
-	-	Salary related expenses	5	4 249	3 507
-	-	Bareboat hire expenses		3 335	7 035
-	-	Depreciation	6	8 881	10 355
-	-	Write-down fixed assets	6	1 217	17 512
618	669	Other operating expenses		3 555	3 831
<b>618</b>	<b>669</b>	<b>Total operating expenses</b>		<b>46 109</b>	<b>73 283</b>
<b>-618</b>	<b>-669</b>	<b>Operating profit/(loss)</b>		<b>-3 437</b>	<b>-9 757</b>
-	-	Income/ (-loss) from associated companies	7	841	-1 951
355	423	Interest income from group companies	8	300	317
1	0	Other interest income		1	43
621	5	Other financial income		5	-
207	-296	Net foreign exchange gain (-loss)	9	-409	-280
-	-	Value adjustments financial instruments valued at fair value		-37	-324
-	-	Write-down financial assets		-	-
-112	-146	Interest expense to group companies	10	39	-
-	0	Other interest expense		-1 720	-2 792
-13 155	-15 150	Write down subsidiaries		-	-
-660	-117	Other financial expense		-267	-889
<b>-12 741</b>	<b>-15 282</b>	<b>Net financial items</b>		<b>-1 325</b>	<b>-5 877</b>
<b>-13 359</b>	<b>-15 951</b>	<b>Profit/(loss) before taxes</b>		<b>-4 763</b>	<b>-15 633</b>
-39	-45	Tax expense	11	95	120
<b>-13 321</b>	<b>-15 906</b>	<b>Net profit/(loss)</b>		<b>-4 858</b>	<b>-15 753</b>
		Minorities' share of net profit		-0	1 362
		<b>Net profit/(loss) after minorities' share</b>		<b>-4 858</b>	<b>-17 115</b>

# SONGA SHIPHOLDING AS

Parent		STATEMENT OF FINANCIAL POSITION		Group	
31 Dec 2020	31 Dec 2021		Note	31 Dec 2021	31 Dec 2020
		ASSETS			
		Non-current assets			
117	144	Deferred tax asset	11	122	96
117	144	Total intangible assets		122	96
-	-	Vessels	6, 11	111 519	119 866
-	-	Periodic maintenance	6, 11	5 565	6 300
-	-	Buildings	6, 11	1 594	1 628
-	-	Office equipment, vehicles, furnitures etc.	6, 11	166	220
-	-	Total fixed assets		118 844	128 014
92 483	75 287	Investments in subsidiaries	12	-	-
-	4 549	Loans to Group Company	8	-	-
16 593	17 890	Investments in associated companies	7	15 567	15 217
220	-	Investments in shares, partnerships etc.		-	145
109 297	97 726	Total non-current financial assets		15 567	15 361
109 414	97 870	Total non-current assets		134 533	143 472
		Current assets			
-	-	Stores on-board		1 552	1 963
1 322	2 459	Group receivables	8	-	-
-	-	Group contribution		-	-
13 448	13 802	Other receivables	13	22 449	19 972
14 770	16 262	Total receivables		22 449	19 972
0	-	Shares and partnerships		-	0
0	-	Total current financial investments		-	0
628	48	Bank deposits, cash etc.	14, 15	9 764	15 023
15 399	16 309	Total current assets		33 765	36 959
124 813	114 179	Total assets		168 298	180 430

# SONGA SHIPHOLDING AS

USD 1 000

Parent		STATEMENT OF FINANCIAL POSITION		Group	
31 Dec 2020	31 Dec 2021		Note	31 Dec 2021	31 Dec 2020
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
46	58	Company capital	16, 17	58	46
133 626	134 614	Share premium reserve	16	134 614	133 626
1 955	1 955	Other paid-in capital	16	1 955	1 955
<u>135 627</u>	<u>136 627</u>	<b>Total paid-in equity</b>		<u>136 627</u>	<u>135 627</u>
-13 692	-29 598	Other equity	16	-31 147	-26 529
<u>-13 692</u>	<u>-29 598</u>	<b>Total retained earnings</b>		<u>-31 147</u>	<u>-26 529</u>
-	-	Minority interest	16	55	56
<u>121 935</u>	<u>107 029</u>	<b>Total equity</b>		<u>105 535</u>	<u>109 154</u>
<b>LIABILITIES</b>					
-	554	Debt to group companies	10	-	-
-	-	Debt to financial institutions	18, 15	54 548	66 603
-	2 539	Other long-term liabilities		<u>2 539</u>	-
-	<u>3 092</u>	<b>Total long-term liabilities</b>		<u>57 087</u>	<u>66 603</u>
2 793	3 238	Group liabilities	10	-	0
-	-	Group contribution	8	-	-
-	-	Taxes payable	11	165	228
74	808	Accounts payable		2 788	1 753
12	12	Other short-term liabilities	19	<u>2 724</u>	<u>2 692</u>
<u>2 878</u>	<u>4 058</u>	<b>Total short-term liabilities</b>		<u>5 676</u>	<u>4 673</u>
<u>2 878</u>	<u>7 150</u>	<b>Total liabilities</b>		<u>62 763</u>	<u>71 277</u>
<u>124 813</u>	<u>114 179</u>	<b>Total equity and liabilities</b>		<u>168 298</u>	<u>180 430</u>

Oslo, 27 June 2021  
Board of Directors of Songa Shipholding AS

Arne Blystad  
Chairman

Marianne H. Blystad  
Board member

# SONGA SHIPHOLDING AS

USD 1 000

Parent company		STATEMENT OF CASH FLOWS		Group	
2020	2021			2021	2020
- 13 360	-15 951	Profit before tax		-4 573	-15 632
-	0	Taxes paid		-368	-127
-	-	+ Depreciation		8 881	10 355
-	-	+/- Gain/loss on sale of assets		-	1 236
-	-	+ Write-down tangible fixed assets		1 217	17 512
13 454	15 370	+ Impairment loss on shares in subsidiary		-	-
-	-	+/- Increase/decrease inventories		411	201
-	-	+/- Increase/decrease payables		1 035	-1 542
72	0	+/- Currency exchange effects		-14	-121
-	-	+/- Other items without cash effect		-678	2 251
-38	471	+/- Increase/decrease in other provisions		-2 055	1 570
128	-110	= Net Cash flow from operating activities		3 855	15 704
-	-	+ Proceeds from sale of fixed assets		0	5 760
-	-	- Payments acquisition of fixed assets		-914	-7 860
1 758	248	+ Payments from sale of shares and partnerships		0	1 264
- 2 227	-187	- Investments in shares and partnershipshares		0	-2 034
- 1 216	-5 183	+/- Net payments on short-term receivables		-	-
-1 685	-5 123	= Net cash flow from investing activities		-914	-2 870
-	2 539	+ Payment from drawdown of long-term debt		2 539	9 517
-	-	- Repayment of long-term debt		-12 213	-19 292
1 209	425	+/- Net proceeds from short-term borrowings		-	0
7 410	689	+ Capital installments		783	-
0	1 000	+ Net proceeds from acquisition of company		-	-
- 6 500	-	- Paid dividends		689	-7 017
2 119	4 653	= Net cash flow from financing activities		-8 201	-16 792
563	-579	= Net change in cash and cash equivalents		-5 260	-3 959
66	628	+ Cash and cash equivalents at beginning of period		15 023	18 982
628	48	= Cash and cash equivalents at end of period		9 763	15 023

**1 Accounting principles****Consolidation**

The consolidated accounts have been prepared in accordance with the 1998 Norwegian Accounting Act and generally accepted accounting principles in Norway. They comprise Songa Shipholding AS and companies in which Songa Shipholding AS has a controlling position through ownership interests or agreements (subsidiaries). The consolidated accounts have been prepared as if the Group were a single financial unit, and all significant intercompany transactions and balances have been eliminated. The subsidiaries of the Group are specified in note 12.

Subsidiaries are consolidated in the accounts in full (100%) from the point at which a controlling position is achieved and until such time as the control ceases. The cost price paid by the Group is allocated to identifiable assets and liabilities based on estimated true value at the time of purchase. Where a subsidiary is not wholly owned, the minority interest's share of the profit/loss after taxes and the share of equity are deducted and recorded as separate items in the statement of income and the balance sheet.

The balance sheets from foreign subsidiaries are translated at the foreign exchange rate at the balance sheet date, and the statement of income are translated at the foreign exchange rate at the date of the transaction.

Associated companies are defined as companies in which Songa Shipholding AS or its subsidiaries, rather than having a controlling interest, have a significant influence and ownership stake, normally 20-50%. Associated companies are recorded in the legal entities by the cost method, whereas in the consolidated statements associated companies are recorded using the equity method. Under the equity method, the initial cost is adjusted by the proportionate share of profit or loss from the associated company.

**Revenues and costs**

Revenues are recorded in the statement of income as they are earned (the earned income principle) and costs are expensed in the same period as the associated revenue (the matching principle).

**General rules for valuation and classification of assets and liabilities**

Assets intended for permanent ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. Analogous criteria are applied when classifying liabilities.

Fixed assets are valued at cost but are written down to net realisable value if a reduction in value is not expected to be of a temporary nature. Fixed assets with a limited useful life are depreciated according to a straight-line depreciation plan. Long-term debt is recorded in the balance sheet at the nominal amount at the time the debt is established.

Current assets are valued at the lower of acquisition cost or net realisable value. Short-term debt is recorded in the balance sheet at the nominal amount at the time the debt is established. In accordance with the requirements of the Accounting Act, some items are valued using special rules of valuation. These are discussed in further detail below.

**Currency**

Monetary items in foreign currencies are translated at the rate of exchange applicable at the balance sheet date. The effects of unrealised and realised currency items are recorded in the statement of income under financial items.

**Fixed assets – vessels**

Vessels are recorded in the balance sheet at acquisition cost less accumulated depreciation. The depreciation of the vessels is made on a straight-line basis and is determined based on an assessment of the useful life of each individual vessel taking scrap value into consideration. Scrap value is calculated based on a historical conservative steel price and the lightweight tonnage of each vessel. Write-downs are performed if the book value exceeds the recoverable amount. The recoverable amount is the higher of net sales value and the net present value of the cash flows that the vessel is expected to generate in the future. Write-downs are reversed if the basis for the write-down no longer exists.

**Periodic maintenance**

Periodic maintenance is recorded in the balance sheet and the amount is depreciated over the period until the next periodic maintenance (2,5 - 5 years cycle). Periodic maintenance is classified as a tangible fixed asset in the balance sheet and expensed amounts are classified as depreciation in the statement of income.

**Stores on-board**

Stores on board, recorded in the balance sheet, consist of bunkers and lubricating oil and are valued at original cost. Original cost is ascribed using the FIFO principle.

**Sale of vessels**

The purchase and sale of vessels is regarded as an integral part of the business. Accordingly gains and losses on sales are reported as part of the operating profit/loss.

**Leases**

Contracts of lease are classified as financial or operational based on the content of the agreement. Thus, if the economic rights and commitments relating to the underlying subject of the lease is substantially transferred to Songa Shipholding AS or a subsidiary, the lease is classified as a financial lease. Other lease contracts are classified as operational and the cost associated with the lease is expensed as and when it is incurred.

**Receivables**

Receivables are recorded at nominal value less a provision for expected loss. The loss provision is made based on an assessment of the individual receivable.

**Borrowing costs**

Costs associated with establishing credit facilities with financial institutions are capitalised and amortised to the statement of income on a linear basis over the period of the loan.

**Conditional outcomes and uncertain commitments**

Uncertain commitments are reported if, on the balance of probability, an uncertain commitment will be settled. The best estimate of the value of the settlement is recorded in the balance sheet under other short-term debt. Other events that are not recorded are disclosed in the notes.

**Taxes**

The tax cost in the statement of income comprises of both taxes payable (taxes on the year's taxable income) and changes in deferred tax. Deferred tax is based on the temporary differences between book value and tax value, and any taxable loss that can be carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that are or may be reversed in the same period are set-off.

Tonnage taxes are classified as operating expenses.

Net deferred tax asset is recorded in the balance sheet whenever it is probable that it can be utilised.

**Cash flow statement**

The cash flow statement has been prepared using the indirect method.

**Related parties**

Information on and transactions with related parties of the Songa Shipholding AS Group are disclosed in connection with the relevant accounting item or in the appropriate place of the annual report.

**2. Financial market risk****Currency risk**

Most of the revenues, costs, receivables and long-term debt of the Songa Shipholding AS Group are denominated in USD which is also the functional currency of the group. The exposure to currency risk of consolidated accounts in USD is related to the part of the operating and administrative expenses denominated in other currencies than USD.

**Interest rate risk**

The interest rate on debt is generally fixed for 3-month periods.

**Market risk**

Through its shipping activities the Group is exposed to changes in external market conditions within the global freight markets as well as the financial market in general.

**3. Other operating income (USD 1 000)**

	<b>2021</b>		<b>2020</b>	
	<b>Parent company</b>	<b>Group</b>	<b>Parent company</b>	<b>Group</b>
Net time charter income	-	38 560	-	56 394
Other income	-	4 112	-	3 344
<b>Total other operating income</b>	<b>-</b>	<b>42 672</b>	<b>-</b>	<b>59 738</b>

Net time charter income consists of distributed income from pool participation and income from vessels chartered out on time charter basis and spot voyages. Other income consists mainly of management fee revenues from technical management.



**4. Operating expenses vessels (USD 1'000)**

	2021		2020	
	Parent company	Group	Parent company	Group
Crew cost	-	16 330	-	20 662
Other expenses	-	8 543	-	10 380
<b>Total operating cost vessels</b>	<b>-</b>	<b>24 873</b>	<b>-</b>	<b>31 042</b>

**5. Payroll expenses/Administrative expenses (USD 1'000)**

Administrative services are provided by Arne Blystad AS (a related company) under a management agreement. Expensed management fees in 2021 for the Parent company amount to USD 613 for Songa Shipholding AS. There are similar management agreements between other companies in the Group and Arne Blystad AS. Management fees for the Group for 2021 are expensed in a total of USD 880.

No remuneration to the board of directors has been paid in 2021. Personnel for the vessels are provided by crewing agencies. From a legal perspective the personnel are employed by Songa Crew Management Ltd (a group company). Technical management of the Group's vessels are provided under agreements with subsidiary Songa Shipmanagement Ltd.

The Songa Shipholding Group had on average 44 (39 in 2020) employees employed by Songa Shipmanagement Ltd, Songa Container Shipmanagement Ltd and OHT Technical Management Ltd in Scotland. Songa Crew Management had on average 715 (679 in 2020) employees on the vessels. The company operates a defined contribution pension scheme. Salary related expense:

	2021		2020	
	Parent company	Group	Parent company	Group
Payroll	-	3 282	-	2 891
Social Security Tax	-	603	-	316
Pension cost	-	190	-	158
Other salary related costs	-	174	-	143
<b>Total salary related expenses</b>	<b>-</b>	<b>4 249</b>	<b>-</b>	<b>3 507</b>

**Auditor**

USD 30 was expensed which relates to audit fees for the Parent company for the year. Expensed fees for other services from auditors in 2021 amounted to USD 1. Expensed audit fees and other services for the Group totalled respectively 115 and 2.

**6 Fixed assets (USD 1 000)**

The Parent company does not have any tangible fixed assets.

<b>Group</b>	<b>Vessels</b>	<b>Periodic Maintenance</b>	<b>Work in progress</b>	<b>Buildings</b>	<b>Other fixed assets</b>	<b>Total</b>
<b>Cost at 01.01.21</b>	<b>211 453</b>	<b>12 133</b>	<b>1 053</b>	<b>1 754</b>	<b>650</b>	<b>227 036</b>
Additions 2021	91	817	-	-	6	914
Disposals 2021	-	-	0	-	-	-
Transfer between asset classes	-	1 053	-1 053	-	-	-
Currency translation effects	-	-	-	-	14	14
<b>Cost at 31.12.21</b>	<b>211 544</b>	<b>14 003</b>	<b>0</b>	<b>1 754</b>	<b>671</b>	<b>227 972</b>
<b>Acc. depreciation/ write-down 01.01.21</b>	<b>91 587</b>	<b>5 247</b>	<b>-</b>	<b>126</b>	<b>431</b>	<b>99 031</b>
Disposals 2021	-	-	-	-	-	-
Depreciation 2021	7 221	1 552	-	34	73	8 881
Write-downs 2021	1 217	-	-	-	-	1 217
Currency translation effects	-	-	-	-	-	-
<b>Acc. depreciation/ write-down 31.12.21</b>	<b>100 025</b>	<b>8 439</b>	<b>0</b>	<b>160</b>	<b>504</b>	<b>109 128</b>
<b>Net carrying value 31.12.21</b>	<b>111 519</b>	<b>5 565</b>	<b>0</b>	<b>1 594</b>	<b>166</b>	<b>118 844</b>

Useful life – total	25 years	2.5-5 years	50 years	3-5 years
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All fixed assets are depreciated according to a linear depreciation schedule.

The Board and management assessed and found indications of impairment on the Group's vessels at year end 2021. Thus, the carrying value of each vessel has been compared to its recoverable amount. It was concluded that four vessels were impaired. The carrying values of the relevant vessels have been written down to its recoverable amount which is the higher of net sales value and value in use.

**7 Investments in associated companies (USD 1 000)**

Parent company:

Company	Ownership/ voting share	Registered office	Book value 31.12.21*
Songa Passage AS	36,80%	Oslo	2 132
Songa Chemical AS	34,47%	Oslo	15 758
<b>Total</b>			<b>17 890</b>

\*Book value according to the cost method.

Group:

Company	Ownership /voting share	Registered office	Book value 01.01.21	Share of profit 2021	Other changes 2021*	Book value 31.12.21**
Songa Passage AS	43,35%	Oslo	2 737	-214	199	2 722
Songa Chemical AS	34,47%	Oslo	12 480	1 055	-689	12 845
<b>Total</b>			<b>15 217</b>	<b>841</b>	<b>-490</b>	<b>15 567</b>

\*Increase of capital and dividend during 2021

\*\*Book value according to the equity method.

**8 Receivables from Group companies (USD 1 000)**

Long term	2021		2020	
	Parent company	Group	Parent company	Group
Interest bearing receivables – USD	4 549	-	-	-
Interest bearing receivables – NOK	-	-	-	-
<b>Total</b>	<b>4 549</b>	<b>-</b>	<b>-</b>	<b>-</b>

Short term	2021		2020	
	Parent company	Group	Parent company	Group
Interest bearing receivables – USD	2 451	-	1 314	-
Interest bearing receivables – NOK	8	-	8	-
<b>Total</b>	<b>2 459</b>	<b>-</b>	<b>1 322</b>	<b>-</b>

Interest bearing receivables carry interest of 3 months NIBOR +1.45% for NOK and 3 months LIBOR + 2.83% for USD. Loan repayment takes place according to further agreement.

**9. Specification of net foreign exchange gain/(loss) (USD 1'000)**

	2021		2020	
	Parent		Parent	
	Company	Group	company	Group
Foreign exchange gain	-	-	207	579
Foreign exchange loss	-296	-409	-	-859
<b>Total</b>	<b>-296</b>	<b>-409</b>	<b>207</b>	<b>-280</b>

**10. Debt to Group companies (USD 1'000)**

Long term	2021		2020	
	Parent		Parent	
	Company	Group	company	Group
Interest-bearing debt – USD	554	-	-	-
Interest-bearing debt – NOK	-	-	-	-
<b>Total</b>	<b>554</b>	<b>-</b>	<b>-</b>	<b>-</b>

Short term	2021		2020	
	Parent		Parent	
	Company	Group	company	Group
Interest-bearing debt – USD	3 232	-	2 787	-
Interest-bearing debt – NOK	6	-	6	-
<b>Total</b>	<b>3 238</b>	<b>-</b>	<b>2 793</b>	<b>-</b>

Interest bearing receivables carry interest of 3 months NIBOR +1.45% for NOK and 3 months LIBOR + 2.83% for USD. Loan repayment takes place according to further agreement.

**11 Tax (USD 1'000)**

## Tax expense:

Parent company			Group	
2020	2021		2021	2020
-39	-45	Net change in deferred tax/tax benefit	-45	-39
-	-	Tax effect on group contribution	-	-
-	-	Taxes payable	141	160
<b>-39</b>	<b>-45</b>	<b>Tax expense/(-income)</b>	<b>95</b>	<b>120</b>

## Reconciliation of tax expense for the year:

2020	2021		2021	2020
-13 359	-15 906	Profit before taxes	-4 763	-15 633
-2 939	-3 499	Calculated tax – 22%	- 1 048	-3 439
-	-	Tax effect due to shipping taxation rules	1 290	2 561
2900	1 844	Tax effect of permanent differences	3 197	2 933
-	-	Other differences (currency, tax rates etc.)	-3 535	-1 936
<b>-39</b>	<b>-45</b>	<b>Tax expense/(-income)</b>	<b>95</b>	<b>120</b>

## Taxes payable in the balance sheet:

2020	2021		2021	2020
-	-	Taxes payable current year	120	160
-	-	Tonnage taxes*	45	67
<b>-</b>	<b>-</b>	<b>Taxes payable</b>	<b>165</b>	<b>228</b>

\*Tonnage taxes are classified as operating expenses in the financial statements

## Deferred tax asset:

Parent company			Group	
2020	2021		2021	2020
-	-	Tangible fixed assets	96	95
-249	-487	Tax loss carry forward	-487	-249
-285	-165	Gain/loss account	-165	-285
<b>-534</b>	<b>-653</b>	<b>Net temporary differences</b>	<b>-556</b>	<b>-261</b>
<b>-117</b>	<b>-144</b>	<b>Deferred tax assets – 22%</b>	<b>-122</b>	<b>-96</b>

**12 Investments in subsidiaries//consolidation (USD 1'000)**

<b>Company</b>	<b>Registered Office</b>	<b>Ownership/ voting Share</b>
Songa Shipmanagement Ltd.	Glasgow	100.0%
Songa Crewmanagement Ltd.	Glasgow	100.0%
SC Shipmanagement Ltd	Glasgow	100.0%
OHT Technical Management Ltd	Glasgow	100.0%
Songa Product and Chemical Tankers AS	Oslo	100.0%
Songa Product and Chemical Tankers II AS	Oslo	98.3%
Songa Product and Chemical Tankers III AS	Oslo	100.0%
Songa Product and Chemical Tankers IV AS	Oslo	100.0%
Songa Projects AS	Oslo	100.0%
Songa Dream AS	Oslo	100.0%

All above mentioned subsidiaries are consolidated in the Group financial statements.

Songa Crewmanagement Ltd is a 100% owned subsidiary of Songa Shipmanagement Ltd. The other Group companies are owned directly by Songa Shipholding AS.

Songa Shipholding AS and its subsidiaries are consolidated in the Songa Holding AS, org.nr. 988 909 106, Haakon VII's gate 1, 0161 Oslo.

**13 Other short-term receivables (USD 1'000)**

	<b>2021</b>		<b>2020</b>	
	<b>Parent company</b>	<b>Group</b>	<b>Parent company</b>	<b>Group</b>
Accounts receivable	-	2 367	-	1 465
Accrued income	-	4 400	-	2 431
Pre-paid expenses	-	1 012	-	1 246
Other receivables <sup>1)</sup>	13 802	14 670	13 448	14 830
<b>Total</b>	<b>13 802</b>	<b>22 449</b>	<b>13 448</b>	<b>19 972</b>

<sup>1)</sup> Other receivables in the parent company is mainly to Songa Corp.

**14 Bank deposits (USD 1 000)**

The Group's bank deposits at 31.12.2021 amounted to USD 9 764 (2020 USD 15 023), and USD 48 (2020 USD 628) for the Parent company. See also note 15 regarding pledged assets.

**15 Pledged assets (USD 1 000)**

As at 31 December 2021, the borrowings are secured by the following:

- Mortgage over vessels with Deed of Covenants
- Assignment of insurances
- Pledge of earnings accounts and retentions accounts
- Share Charges, including bonds and other securities
- Corporate guarantee by Songa Shipholding AS up to USD 50 mill.
- Corporate guarantee by Songa Shipholding AS up to USD 49.2 mill.

Total mortgages and pledges as of 31.12.21 (book values) were as follows:

	Parent company	Group
Vessels	-	111 519
Stores on board	-	1 552
Shares*	17 890	15 567
Bank accounts	48	9 764
<b>Total pledges</b>	<b>17 938</b>	<b>138 402</b>
 Total mortgaged loans	 -	 54 882
<b>Total mortgaged loans and guarantees</b>	<b>-</b>	<b>54 882</b>

\*The shares in Songa Chemical AS and Songa Passage AS are pledged in favour of financial institutions in connection with loan facilities in the respective companies.

**16 Equity (USD 1 000)**

Parent company:

	Company Capital	Share Premium	Other paid-in equity	Other Equity	Total
Equity at 01.01.21	46	133 626	1 955	-13 692	121 935
<i>'Change in equity:</i>					
Capital Increase 1	3	497	-	-	500
Capital Increase 2	9	491	-	-	500
Net profit	-	-	-	-15 906	-15 906
Equity at 31.12.21	58	134 614	1 955	-29 643	107 029

Group:

	Company Capital	Share Premium	Other paid-in capital	Other Equity	Minority	Total
Equity at 01.01.21	46	133 626	1 955	-26 529	56	109 154
<i>Change in equity:</i>						
FX translation differences	-	-	-	75	-	75
Capital Increase 1	3	497	-	-	-	500
Capital Increase 2	9	491	-	-	-	500
Liquidation Songa Macau	-	-	-	166	-	-166
Net profit	-	-	-	-4 858	-	-4 858
Equity at 31.12.21	58	135	1 955	-31 147	55	105 535

**17 Company capital and shareholder information**

Company capital in Songa Shipholding AS at 31.12.2021:

Owner	Number of shares	Nominal value	Balance sheet
Songa Corp.	250	NOK 1 600	NOK 400 000

At 31.12.2021 the share capital of Songa Shipholding AS, organisation no. 911 913 259, comprises a single class of shares and Songa Corp holds voting rights for all these shares. Songa Shipholding AS and its subsidiaries are consolidated in the financial statements of Songa Holding AS, enterprise no. 988 909 106, P.O.Box 1468 Vika, 0116 Oslo.



**18 Debt to financial institutions (USD 1,000)**

Overview of Group debt to financial institutions

	2021	2020
Long-term debt	Book value loans	Book value loans
Long-term debt to financial institutions	54 882	67 095
Capitalized borrowing cost	-334	-491
<b>Book value</b>	<b>54 548</b>	<b>66 603</b>

**19 Other short-term liabilities (USD 1,000)**

	2021		2020	
	Parent company	Group	Parent company	Group
Accrued mortgage interest	-	282	-	365
Accrued expenses	12	2 048	12	1 628
Prepaid revenues	-	-	-	293
Other short-term debt	-	393	-	407
<b>Total</b>	<b>12</b>	<b>2 724</b>	<b>12</b>	<b>2 692</b>

**20 Related parties (USD 1,000)**

There have been no significant related party transactions in 2021 other than those mentioned in note 5.

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## Marianne Heien Blystad

Styremedlem

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Medlemmer av  
Den norske Revisorforening

Ansvarlig revisor:  
Thomas Andersen

To the Shareholders of  
Songa Shipholding AS

## Independent Auditor's Report

### Opinion

We have audited the financial statements of Song Shipholding AS (the Company) showing a loss of TUSD 15 906, and the financial statements of the group, showing a loss of TUSD 4 858.

The financial statements comprise:

- The financial statements of the company: balance sheet as at December 31, 2021, and 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 financial statements of the group: balance sheet as at December 31, 2021, and 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.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the company as at December 31, 2021, 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, and
- the financial statements give a true and fair view of the financial position of the group as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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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### **Other Information**

The Board of Directors (management) is responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report. The purpose is to consider if there is materially inconsistency between the information in the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or the information in the Board of Directors' report otherwise appears to be materially misstated. We are required to report that fact if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements

### **Responsibilities of the management for the Financial Statements**

The management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 Groups' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of the auditor's responsibilities we refer to <https://www.revisorforeningen.no/revisjonsberetninger>

Sandvika  
**BHL DA**

*The auditor's report is signed electronically.*

Thomas Andersen  
Statsautorisert revisor