Team Tankers International Ltd.

ANNUAL REPORT 2019

Table of Contents

Board of Directors' report

Team Tankers International Ltd. ("Team Tankers" or the "Company") is an international shipping company incorporated in Hamilton, Bermuda. The Company has a fleet of 40 vessels: 31 owned vessels and 9 leased vessels as of the date of this report. The Company is committed to the safe and efficient transport of liquid bulk cargoes for all its customers and partners.

Business summary

Overall, 2019 was another difficult year in the chemical and clean petroleum product shipping markets. Rates began the year encouragingly but drifted lower and bottomed out late summer before the clean products market experienced a strong rally towards the end of the fourth quarter. The Company believes the underlying market outlook is positive driven by fewer new ships delivering from shipyards, longer haul trades following IMO 2020 regulations and an increase in the global demand for bulk liquid transportation. However, while the effect of COVID-19 on seaborne trade is not yet clear, it will likely negatively impact trading in 2020 due to its effect on the global economy.

Team Tankers views its vessels as fitting into three broad categories based on size, tank coating and primary trade patterns: regional stainless steel, regional coated and deep sea. The Company refers to these three categories as vessel classes.

- The deep sea coated fleet consists of 19 vessels with an average age of approximately 11 years. The Company sold five older MRs, built 2002 to 2004, in 2019 in order to take advantage of an uptick in the S&P market and eliminate technical and exit risk related to ageing vessels. Four have been delivered to the new owners, while one is expected to be delivered to the new owner in April. In March 2020, the Company announced that it had entered into an agreement with Maersk Tankers to place its coated vessels in Maersk Tankers pools, thereby benefitting from the commercial scale of the Maersk Tankers system. The Company will consider consolidation and sales opportunities that are beneficial to its stakeholders.

- The regional coated fleet consists of 9 vessels with an average age of approximately 13 years. The Company has sold two vessels and redelivered three chartered ships since the beginning of 2019, with additional sales being contemplated. As announced in March 2020, the fleet will be traded by Maersk Tankers going forward. The Company is focused on reducing the capital employed in the fleet.

- The regional stainless steel fleet consist of 12 vessels with an average age of approximately 14 years. The Company operates its stainless steel vessels in southern Europe and West Africa trades which continue to exhibit modest growth. Management believes the industry remains fragmented and would benefit from consolidation. Thus, management will continue to assess consolidation and sales opportunities as they arise. At year end, the Company recognized an $4.9 million impairment loss for vessels in the regional stainless trade, see note 12 for further information.

Financial review

For fiscal year 2019, freight rates for chemical and product tankers improved modestly from the cyclically weak levels experienced in 2018 but remained below expectations for the year. Freight revenue for the Company in 2019 was $325.6 million compared with $312.7 million in 2018. Voyage expenses were $126.6 million in 2019, down from $131.5 million in 2018 mainly due to the decreased fleet size. Freight income on a T/C basis was $199.0 million, up from $181.2 million in 2018. The TCE for 2019 was $11,866 per day as compared to $10,633 per day in 2018.

Ship operating expenses were $113.3 million, up $7.5 million from 2018 primarily due to non-recurring vessel repairs. Charterhire expenses were $8.1 million, down from $35.9 million in 2018 following reclassification of long term operating leases in accordance with IFRS 16, Leases ("IFRS 16"), implemented in 2019. General and administrative expenses of $22.5 million were down from $26.8 million in 2018, due to reduction in overhead costs in connection with vessel disposals and lower transaction costs of approximately $1.8 million related to the April 2018 acquisitions. Team Tankers' EBITDA in 2019 was $55.0 million, compared with $12.8 million in 2018. Due to the adoption of IFRS 16 and the change in accounting for expenses of leases in 2019, charterhire expenses and general and administrative expenses decreased $33.7 million and $0.8 million, respectively, which resulted in an improvement in EBITDA by $34.5 million (see note 5).

Depreciation and amortization amounted to $67.8 million, up from $41.1 million in 2018 mainly due to implementation of IFRS 16 as noted above. An impairment charge of $4.9 million was booked against vessels in 2019. The operating result (EBIT) for 2019 was negative $31.2 million compared to negative $40.6 million in 2018.

On 4 April 2018, the Company completed the acquisitions of Laurin Shipping AB and Anglo-Atlantic Steamship Company Ltd. Primarily as a result of issuing stock as partial consideration for the acquisitions at a negotiated value that was higher than the market value at the time of the closing, a bargain purchase gain of $12.4 million was recognized in 2018.

Interest expense was $15.6 million, up from $10.3 million in 2018, of which $3.7 million was due to interest expenses being charged on lease liabilities in accordance with IFRS 16. Other financial items of $3.6 million decreased $0.1 million from $3.7 million in 2018.

The net loss for the full year 2019 was $50.1 million ($45.2 million, excluding impairment) compared with a net loss of $53.8 million ($35.8 million, excluding impairment) in 2018.

As of 31 December 2019, the Company's total assets were $587.4 million. Total fleet book value was $411.7 million, which decreased by $106.2 million in 2019 as a result of vessel redeliveries and sales. Total equity as of 31 December 2019 was $334.8 million, compared with $385.1 million as of 31 December 2018. The equity ratio of the Company was approximately 57 per cent at the end of 2019 compared to 61 per cent at the end of 2018

At year-end 2019, the total number of outstanding Team Tankers shares was 209,578,173, each with a par value of $0.01. The share price as quoted on the Oslo Stock Exchange ended the year at NOK 5.40. At 31 December 2019, the Company held 6,324,076 treasury shares.

Capital resources and investments

At year-end, the Company had a financing agreement in an aggregate amount of $220 million split between a $20 million revolving credit and a $200 million term loan facility. The $20 million revolving credit line was undrawn at year end.

Total long-term debt was $123.4 million as of 31 December 2019, down from $170.0 million as of 31 December 2018, due to ordinary installments and loan prepayments from vessel sales during the year.

At year-end, cash and cash equivalents amounted to $43.1 million, as compared to $33.7 million at 31 December 2018. In 2019, the Company had net cash flow from operating activities of $65.9 million. The Company had net cash flow of $32.7 million from investing activities, mainly due to the vessel sales in 2019. Net proceeds from sales of vessels were $49.9 million (2018: $16.8 million). Net cash used in financing activities was $89.1 million, mainly due to the repayment of long-term debt.

The Board confirms that the going-concern assumption applies and that the annual accounts have been prepared on the basis of this assumption.

Financial risks

Market conditions for shipping activities are volatile and results may vary considerably from year to year. Furthermore, vessels and cargoes are subject to perils particular to marine operations, including capsizing, grounding, collision, piracy, and loss or damage from severe weather conditions. Such circumstances may result in damage to property, the environment or persons and expose the company to loss or liability. In addition, the Company is exposed to a number of different financial market risks arising from its normal business activities. Events that impact the global economy negatively such as natural disasters, war and pandemics may impact the Company's earnings and the value of its assets. Additional risks not presently known to the Board of Directors, or considered insignificant at this time, may also impair its business operations and prospects.

Fluctuations in freight rates and bunker fuel prices are key factors affecting our earnings and the value of our assets. The impact of fluctuations in freight rates is to some extent mitigated by the Company's portfolio of contracts of affreightment (CoA) and time charters. The Company seeks to reduce the exposure to fluctuating bunker fuel prices through compensation clauses in contracts with customers. On CoAs where this is not possible, the Company uses bunker derivatives to reduce the bunker exposure. The Company does not hedge the bunker risk related to its spot market exposure. Subject to timing, freight rates are expected to reflect the fluctuations in bunker prices.

In 2019, certain indicators of a potential impairment in the carrying value of the Company's vessel assets existed. Upon evaluation of vessel carrying values, the Company recorded an impairment charge of $4.9 million at year-end 2019. See vessel impairment note 12 for details.

Interest and exchange rate risks are additional financial risks for the Company. Management periodically reviews and assesses the primary financial market risks. At the end of 2019, all the Company's interest-bearing debt carried floating interest rates. The Company currently pays floating interest rates on its bank debt.

The Company's revenues are predominately in USD and EUR. Portions of our operating expenses and general and administrative expenses are denominated in non-USD currencies, including DKK, EUR, SGD, SEK, NOK and PHP. Interest bearing debt is in USD.

Organization

The Company is a global organization with a diverse workplace environment in which employment, promotions, responsibility and job enrichment are based on qualifications and abilities. At year-end 2019, Team Tankers had 88 permanent full-time employees onshore and 714 employee seafarers onboard our vessels. In March 2020, the Company announced a joint venture with V.Group for technical management services and a strategic partnership with Maersk Tankers for commercial management covering 27 vessels. The two deals will result in a significant reduction in employees and the Company will reduce its number of offices.

Corporate governance and social responsibility

The main objective of the Company's corporate governance is to develop a strong, sustainable and competitive company that operates in the best interest of the shareholders, employees and third parties. The Board of Directors and management aim for a controlled and profitable development and the long-term creation of growth through well-founded governance principles, operational procedures and risk management.

The Company has defined corporate governance guidelines based on the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board with the following deviations:

- Deviation from section 2 – "Business": In accordance with common practice for Bermuda incorporated companies, the Company's objectives as set out in the memorandum of association are wider and more extensive than recommended in the Corporate Governance Code.
- Deviation from section 3 "Equity and dividends": Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the Board of Directors has wide authorities to purchase its own shares, declare dividends and to issue any authorized but unissued shares on such terms and conditions as it may decide, subject to any resolution of the Company's shareholders to the contrary, and, as regards share repurchase, the Bermuda solvency requirements.
- Deviation from section 6 "General meetings": The Chairman of the Board of Directors will chair the Company's general meetings unless otherwise resolved by majority vote. This is mainly due to the fact that the Bye-laws of the Company provide, as is common under Bermuda law, that the Chairman of the Board of Directors shall, as a general rule, chair the general meetings. The notice period for the general meetings is further 14 days, and not 21 days as recommended in the Corporate Governance Code.
- Deviation from section 7 "Nomination committee": The Company has not established a nomination committee, as this has not been deemed necessary as the Board of Directors conduct an annual review of the full Board before the annual election by the Company's shareholders.
- Deviation from section 8 "Corporate assembly and board of directors: composition and independence": Pursuant to the code, the board of directors should not include members of executive management. The Chairman of the Board of Team Tankers, may also hold the position as managing director of the Company and possibly not fully comply with the Corporate Governance Code on this point. It is however customary for companies operating within the same business as the Company to have senior management represented on the board. The Company is also predominantly owned by US shareholders and it is customary in the USA to combine these two positions.
- Deviation from section 9 "The work of the Board of Directors": The Company has an Audit Committee comprised of three of its Directors. However, it is provided for in the Bye-laws that the entire Board will constitute the Audit Committee. In the event the Chairman is appointed the managing director of the Company, the Chairman of the Board will not participate in the Audit Committee.
- Deviation from section 11 "Remuneration of the Board of Directors": Pursuant to the code, members of the board of directors should not take on specific assignments for the Company in addition to their appointment as a member of the board.

The details of the Company’s Corporate Governance principles and practices are disclosed in the Company’s Corporate Social Responsibility Statement published on the Company’s web page www.teamtankers.com.

The Company’s main contribution to society is to grow a long-term, sustainable and value-creating business for our stakeholders. Our aim is to ensure that our business practices as well as investments are sustainable, and contribute to long-term economic, environmental and social development. The Company recognizes its environmental responsibility and strives to comply with and maintain high standards in order to reduce the environmental impact of its operations.

Forward looking statements

This report may contain forward-looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including Company management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Important factors that, in the Company's view, could cause actual results to differ materially from those discussed in this report include the strength of world economies and currencies, general market conditions including fluctuations in charterhire rates and vessel values, changes in demand in the chemical tanker market, changes in the Company's operating expenses including bunker prices, dry-docking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports filed by the Company. Neither the Company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements.

Hamilton, Bermuda, 16 April 2020

The Board of Directors of Team Tankers International Ltd.

/s/ Jesper Bo Hansen	/s/ Robert P. Burke	/s/ Mads Meldgaard
Jesper Bo Hansen	Robert P. Burke	Mads Meldgaard
/s/ Kevin M. Kennedy	/s/ Tom Higbie	/s/ Bryce Fraser
Kevin M. Kennedy	Tom Higbie	Bryce Fraser
/s/ Mikael Laurin	/s/ Morten Arntzen	/s/ Hans Feringa
Mikael Laurin	Morten Arntzen *Chairman of the Board*	Hans Feringa *President & Chief Executive Officer*

Consolidated statement of comprehensive income

($ '000, except per share data)	Note	2019	2018
Freight revenue	6, 7	325 603	312 738
Voyage expenses	8	(126 630)	(131 496)
Freight income on T/C basis		**198 973**	**181 242**
Ship operating expenses	9	(113 342)	(105 807)
Charterhire expenses	15	(8 138)	(35 857)
General and administrative expenses		(22 487)	(26 809)
EBITDA		**55 006**	**12 769**
Vessel impairment	12	(4 902)	(18 001)
Onerous charter contracts	23	-	(3 516)
Depreciation and amortization	11	(67 837)	(41 149)
Bargain gain, business combination	27	-	12 362
Loss on sale of vessels	21	(13 481)	(3 016)
EBIT		**(31 214)**	**(40 551)**
Interest income	10	302	688
Interest expenses	10	(15 590)	(10 316)
Other financial items	10	(3 604)	(3 660)
(Loss) before tax		**(50 106)**	**(53 839)**
Income tax expense		-	-
Net (loss)		**(50 106)**	**(53 839)**
Value adjustments of hedging instruments	16	(11)	(300)
Foreign currency translation differences		(102)	21
Total items that may be reclassified to profit or loss		**(113)**	**(279)**
Other comprehensive (loss)		**(113)**	**(279)**
Total comprehensive (loss)		**(50 219)**	**(54 118)**
Attributable to owners of the parent		(50 219)	(54 118)
Earnings per share – basic (USD)	18	(0.24)	(0.27)
Earnings per share – diluted (USD)	18	(0.24)	(0.27)

See accompanying notes that are an integral part of these consolidated financial statements.

Consolidated statement of financial position

		2019	2018
($ '000)	Note	**31 December**	**31 December**
ASSETS			
Vessels	11, 12	411 749	517 902
Right-of-use assets	14	45 454	-
Other equipment	11	1 033	1 230
Other non-current assets		1 527	5 826
Total non-current assets		**459 763**	**524 958**
Trade and other receivables	19	46 270	52 766
Inventories		11 928	14 629
Other current assets		1 009	1 410
Cash and cash equivalents	20	43 131	33 724
Total current assets		**102 338**	**102 529**
Vessels held for sale	21	25 250	6 550
TOTAL ASSETS		**587 351**	**634 037**
EQUITY AND LIABILITIES			
Equity		334 847	385 127
Treasury shares		(63)	(39)
Total Equity	17	**334 784**	**385 088**
Long-term debt	13	123 412	169 924
Long-term lease obligations	14	29 717	-
Other non-current liabilities		107	4 588
Total non-current liabilities		**153 236**	**174 512**
Trade and other payables	22	37 597	39 245
Short-term debt and current portion of long-term debt	13	24 169	21 838
Short-term lease obligations	14	18 943	-
Other current liabilities	22	10 775	13 354
Total current liabilities		**91 484**	**74 437**
Liabilities associated with vessels held for sale	21	7 847	-
Total liabilities		**252 567**	**248 949**
TOTAL EQUITY AND LIABILITIES		**587 351**	**634 037**

See accompanying notes that are an integral part of these consolidated financial statements.

Consolidated statement of cash flow

($ '000)	Note	2019	2018
Operating activities			
(Loss) before taxes		(50 106)	(53 839)
Depreciation and amortization	11	67 837	41 149
Vessel impairment	12	4 902	18 001
Onerous charter contracts	23	-	3 516
Bargain gain, business combination	27	-	(12 362)
Loss on sale of vessels		13 481	3 016
Interest expenses, net	10	15 288	9 628
Foreign currency loss / (gain), net		191	289
Share-based incentive expense	25	1 901	1 514
Working capital and other adjustments		12 494	(3 008)
Net cash flow from operating activities		**65 988**	**7 904**
Investing activities			
Net cash investment in entities	27	-	(15 502)
Vessel sale proceeds		49 865	16 848
Purchase of vessels	11	-	(13 625)
Capitalized dry dock, owned vessels	11	(17 243)	(16 826)
Capitalized dry dock, operational leases	11	-	(2 870)
Capital expenditures, other equipment	11	(198)	(726)
Interest received	10	302	688
Net cash flow from / (used in) investing activities		**32 726**	**(32 013)**
Financing activities			
Credit facility proceeds		-	200 000
Repayment of long-term debt	13	(37 231)	(93 500)
Repayment of acquired debt		-	(67 838)
Repayment of obligations under leases	14	(30 847)	(1 636)
Exercise of purchase options on finance leases	27	-	(66 355)
Debt issuance costs	13	-	(3 597)
Financing costs		(4 709)	(1 134)
Interest paid		(14 692)	(6 852)
Stock repurchase	16	(1 782)	(91)
Net cash flow (used in) financing activities		**(89 261)**	**(41 003)**
Net change in cash and cash equivalents		**9 453**	**(65 112)**
Cash balance at beginning of period		33 724	99 162
Net foreign exchange difference on cash		(46)	(326)
Cash and cash equivalents at 31 December*	20	**43 131**	**33 724**

*whereof $0.3 million is restricted (2018: $0.3 million)

See accompanying notes that are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

2019	Attributable to equity holders of the parent company								
	Share Capital	Share Premium	Treasury shares	Other paid in capital	Retained losses	Revaluation reserve	Translation reserve	Hedging reserve	Total
($ '000)	Paid in Capital				Other reserves				
At 1 January 2019	**2 096**	**22 636**	**(39)**	**1 130 322**	**(779 635)**	**3 406**	**6 291**	**11**	**385 088**
(Loss) for the Year	-	-	-	-	(50 106)	-	-	-	(50 106)
Other comprehensive income	-	-	-	-	-	-	(102)	(11)	(113)
Total comprehensive income	**-**	**-**	**-**	**-**	**(50 106)**	**-**	**(102)**	**(11)**	**(50 219)**
Share repurchase	-	-	(31)	(1 734)	-	-	-	-	(1 765)
Share-based payments	-	-	7	1 673	-	-	-	-	1 680
At 31 December 2019	**2 096**	**22 636**	**(63)**	**1 130 261**	**(829 741)**	**3 406**	**6 189**	**-**	**334 784**

2018	Attributable to equity holders of the parent company								
	Share Capital	Share Premium	Treasury shares	Other paid in capital	Retained losses	Revaluation reserve	Translation reserve	Hedging reserve	Total
($ '000)	Paid in Capital				Other reserves				
At 31 December 2017	**1 885**	**-**	**(38)**	**1 129 798**	**(724 345)**	**3 406**	**6 270**	**311**	**417 287**
Changes in accounting principles – IFRS 15	-	-	-	-	(1 451)	-	-	-	(1 451)
Equity as of 1 January 2018	**1 885**	**-**	**(38)**	**1 129 798**	**(725 796)**	**3 406**	**6 270**	**311**	**415 836**
(Loss) for the Year	-	-	-	-	(53 839)	-	-	-	(53 839)
Other comprehensive income	-	-	-	-	-	-	21	(300)	(279)
Total comprehensive income	**-**	**-**	**-**	**-**	**(53 839)**	**-**	**21**	**(300)**	**(54 118)**
Share issuance	211	22 636	(5)	(512)	-	-	-	-	22 330
Share repurchase	-	-	(1)	(90)	-	-	-	-	(91)
Share-based payments	-	-	5	1 126	-	-	-	-	1 131
At 31 December 2018	**2 096**	**22 636**	**(39)**	**1 130 322**	**(779 635)**	**3 406**	**6 291**	**11**	**385 088**

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries in foreign currencies.

Treasury shares
The treasury shares reserve is used to record purchase of own shares. At 31 December 2019, the Company held 6,324,076 treasury shares.

Revaluation reserve
The revaluation reserves are used to record step by step revaluations in connection with the purchase of subsidiaries.

Share-based payments
The Company recorded $1.9 million and $1.5 million as compensation for management equity awards in 2019 and 2018. See note 25.

See accompanying notes that are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Note 1 – Corporate information

Team Tankers International Ltd. (the "Company") is incorporated and domiciled in Bermuda. The Company was incorporated on 29 July 2014 as an exempted company under the laws of Bermuda and in accordance with the Bermuda Companies Act. The address of its registered office is Williams House, 4th Floor, 20 Reid Street, Hamilton HM 11, Bermuda. The Company is listed on Oslo Bors (OSE: TEAM). The principal activities of the Company are described in the Board of Directors' report. The consolidated financial statements of the Company for 2019 were approved by the Board of Directors (the "Board") on 16 April 2020, and will be laid before the Annual General Meeting in 2020 in accordance with Bermuda law.

Note 2 – Basis of preparation

The consolidated financial statements for the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (lFRS) as adopted by the European Union. The consolidated financial statements have been prepared in accordance with the historical cost convention with exception of financial derivatives measured at fair value.

Basis of consolidation
The consolidated financial statements comprise the financial statement of the Company and its subsidiaries at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent policies. The consolidated financial statements include the parent company Team Tankers International Ltd. and undertakings in which the parent company directly or indirectly holds more than 50 per cent of the share capital, has corresponding voting rights, or otherwise has an actual controlling interest. All group balances, and profits and losses resulting from intercompany transactions are eliminated.

The preparation of financial statements in conformity with IFRS requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of complying with the Company's accounting policies. The areas involving higher degree of estimation and judgements are disclosed in note 4.

Going concern assumption
The financial statements have been prepared based on the going concern assumption.

Note 3 – Summary of significant accounting policies

Leases
IFRS 16, *Leases* was issued in January 2016 and replaces IAS 17 *Leases*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, (the customer ('lessee') and the supplier ('lessor')). Under IFRS 16, a lessee can choose to apply the standard either using a full retrospective or a modified retrospective approach. The date of adoption was 1 January 2019. The Company assessed the impact of IFRS 16 on its consolidated financial statements in 2019 and the Company's' vessels and properties on operational lease-in contracts were reflected in the statement of financial position as of 1 January 2019.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as lessor
For lessors, IFRS 16 substantially carries forward the accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. Leases are classified as financial leases if the terms of the lease agreement transfers substantially all the risks and rewards incidental to ownership of an asset. All other leases are classified as operating lease.

The Company as lessee
The new standard requires lessees to recognize assets and liabilities for most leases, which is a significant change from current requirements.

Right-of-use assets
The Company recognizes *right-of-use assets* at the commencement date of the lease (i.e., the date the underlying asset is available for use). *Right-of-use assets* are measured at costs, less an accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of *right-of-use assets* includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives or discounts received. *Right-of-use assets* are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term of the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The *right-of-assets* are also subject to impairment.

Lease liability obligations
At the commencement of the date of the lease, the Company recognizes *lease liability obligations* measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any lease incentives and discounts receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses it incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., changes to future payments resulting from change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's *lease liability obligations* are included in as its own separate line item, distinguished between its short-term and long-term liability portions (see note 14).

Short-term leases and leases of low-value assets
The Company has elected not to recognize *right-of-use assets* and *lease liabilities* for leases of low-value assets and short-term leases, including vehicles, IT, and office equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Revenue from contracts with customers

IFRS 15, Revenue from contracts with customers, supersedes IAS 11 Construction contracts and IAS 18 Revenue. IFRS 15 was effective for annual periods beginning on or after 1 January 2018. IFRS 15 has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 established a five-step model in recognizing revenue arising from contracts with customers:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price
5. Recognize revenue when a performance obligation is satisfied

IFRS 15 requires judgement to be exercised, taking into consideration all relevant facts and circumstances when applying each step of the model to contracts with customers. The standard also provides specific principles to apply when accounting for contract costs and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company earns revenue by providing shipping services worldwide. Revenue from contracts with customers for shipping services is recognized over time as the customer benefits from the service received as it is being performed. The Company identifies the performance obligation as the transport of goods from load port to discharge port. Thus, revenue is evenly accrued from the point of loading through to the point of completed discharge based upon the voyage days to the period-end date as a proportion of the expected total days of the voyage.

The Company receives payments from charterers based on sales invoices as per the signed charter party agreement. Performance obligations in respect of contract assets are fulfilled when the contract cargo is discharged at the final discharge port. Once cargo discharge orders have been received and the value of revenue is known, the contract asset is invoiced and transferred to trade receivables, which are settled in accordance with industry practice.

Contract assets (unbilled receivables) relate to the Company's conditional right to consideration for the completed performance obligation of the transportation of goods between the first load port and last discharge port stipulated under the contract. Accounts receivable are recognised when the right to consideration becomes unconditional.

Contract liabilities (customer advances and deposits) are recognised as revenue when the performance obligation is satisfied. Freight income is billed in accordance with the charter party agreement and will differ between charter parties with various customers. Sales invoices are usually generated in advance of arrival at the last discharge port. It is common to receive advances or deposits on freight before revenue is recognized, resulting in contract liabilities.

The Company has taken the practical expedient not to disclose quantitative information about unsatisfied or partially satisfied performance obligations, as the original expected duration of the underlying contracts are less than one year.

The Company estimates demurrage income (variable consideration) using a most likely amount approach on a contract by contract basis. Demurrage is recognised from the date a claim is considered probable. Management makes a detailed assessment of demurrage income expected to be received which is included in revenue only to the extent that it is highly probable that the amount will be collectible and not be subject to a significant reversal.

The Company reviewed its contracts and considered the main accounting implications under IFRS 15, *Revenue from contracts with customers*, with the change to revenue recognition on a load to discharge basis and variable consideration, and presentation and disclosure, is likely to be later recognition of revenue on voyage charters. The Company adopted the modified retrospective application. Under this approach, the cumulative effect of applying the new standard was recorded as at the date of initial application on 1 January 2018. The effect of the application was a reduction in retained earnings of $1.4 million.

Financial Instruments
IFRS 9, Financial Instruments, replaces IAS 39 Financial Instruments: Recognition and Measurement, and is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. IFRS 9 further introduces new rules for hedge accounting and addresses accounting for accounts receivable and impairment losses.

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

Initial recognition and measurement
Under IFRS 9, financial assets are classified, at initial recognition, as subsequently measured based on three classification categories: measured at amortised cost, fair value through profit or loss (FVTPL), or fair value through other comprehensive income (FVOCI). The classification of financial assets at initial recognition is based on the Company's business model for managing the assets and its contractual cash flow characteristics. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in the section for IFRS 15, *Revenue from contracts with customers*.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently, liabilities are measured at amortized cost. The Company's financial liabilities include trade and other payables, interest-bearing debt, and derivative financial instruments.

The Company measures financial derivatives at fair value through OCI for its bunker hedges accounted for as cash flow hedges and measured at amortised cost for its credit facilities (see note 16). The Company has not designated any financial assets or liabilities as at fair value through profit or loss. Subsequent to implementation of the new standard, trade and other receivables and trade and other liabilities are categorized at amortized cost under IFRS 9.

Expected credit loss
Under IFRS 9 a forward-looking expected credit loss approach was implemented by the Company to recognise an allowance for expected credit losses for all financial instruments not held at fair value through profit or loss and contract assets. The calculation of the expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating possible outcomes, the time value of money, reasonable and supportable information about past event and current and future conditions.

Generally, shipping markets are volatile and, as a consequence, the Company's results may vary considerably from year to year. Market risks are related to freight rates, bunker prices and vessel prices which the Company has limited ability to influence. In addition, the Company is exposed to a number of different financial risks such as liquidity, interest rate risks and currency risks arising from our normal business activities. Such risks are monitored on a regular basis, and the Company might use financial derivatives to limit the exposure (see note 24).

Upon review of the Company's risk exposure and its financial instruments, no impairment losses are recognized under IFRS 9 and credit risk related to the Group's financial assets, measured at amortized cost and fair value through other comprehensive income, are not significant.

Hedge accounting
Under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial cost or other carrying amounts of the non-financial assets. Based on the hedge accounting requirements of IFRS 9, the Company designates only its bunker hedges as hedging instruments. The Company determines that the fair value and carrying value of the bunker hedges and gain and loss recognized to be not significant.

Presentation and classification

Income statement

The income statement is prepared based on a mix of nature and function, as this gives the most relevant presentation of the income statement.

Consolidated statement of financial position

Current assets and current liabilities include items due in less than one year from the balance sheet date, items used in the daily operation of the business and assets held primarily for the purpose of being traded. The current portion of long-term debt is classified under current liabilities.

Cash flow statement

The cash flow statement is prepared using the indirect method.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers in the Company. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The Company has identified one operating segment as it employs one type of vessel: chemical tankers.

The Company's shipping revenue is allocated to a geographical area on the basis of the area in which the cargo is loaded. Internal management reporting does not provide such information on revenue from external customers.

Foreign currency translation

The Company's presentation currency is United States Dollars ('USD'). This is also the functional currency of the Company and most of its subsidiaries.

Transactions in currencies other than USD are translated in the functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the balance sheet date. All differences are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

For those subsidiaries with functional currencies other than the USD, balance sheet items are translated at the rate of exchange at the balance sheet date, and income statements are translated at the exchange rate prevailing at the date of the transaction. Exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

Income Statement

Revenue and voyage expenses

The Company earns revenue by providing global shipping services. Freight revenue comes from two main sources: revenue from voyages and revenue from time charters as described below.

Voyage revenue is generated from freight billing following the completion of the voyage. When spot traded, the vessels are traded at the prevailing market rates at the time a voyage is fixed and all voyage costs are borne by the Company. Voyage revenues are affected by hire rates and the number of days a vessel operates.

The Company's current revenue recognition policy uses a load-to-discharge principle by measuring the progress towards complete satisfaction of the service for all spot voyages. Voyage revenue is measured and recognized based on the estimated number of days from departure of a vessel from its initial load port to departure from the discharge port. The method applied is the one that most faithfully depicts the progress towards a complete satisfaction of the performance obligation.

Time charter revenue is fixed based on a contractual rate of hire. The Company's time charter contract revenues are separated into a lease element accounted for in accordance with IFRS 16 and a service element in accordance with IFRS 15. The service element from the Company's time charter contracts are recognized over time, as the performance obligation is satisfied over time. The customer receives and consumes the benefits as the Company performs its obligation. Revenue from bunkers and other goods and services are recognized in the period the goods or services are transferred to the customer. Voyage expenses related to time charters are expenses of the charterer.

Demurrage is included if recovery of a claim is considered probable. Losses arising from time or voyage charters are provided for in full when they become probable. Voyage expenses incurred for idle vessels are expensed.

Ship Operating expenses
Direct costs associated with the operation of a vessel including crew costs, vessel supplies, repairs and maintenance, lubricating oils and insurance.

Leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, are recognized as *right-of-use assets* on the balance sheet. For short-term leases that are less than one year, the payments (time charterhire or bareboat hire) are recognized as an expense on a straight-line basis over the term for the lease.

Business Combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquire. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, *Financial Instruments*, is measured at fair value with changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Balance Sheet
Vessels
Vessels are recorded at historical cost less accumulated depreciation and any accumulated impairment charges. Capitalized costs include expenditures that are directly attributable to the acquisition of the vessels, drydocks and major upgrades. All repairs and maintenance costs are expensed as incurred.

Vessels are depreciated on a straight-line basis over estimated useful life, typically 25 years for a chemical tanker. Depreciation is based on cost less the estimated residual value. The residual value of the vessels is estimated as the lightweight tonnage of each vessel multiplied by estimated scrap value per ton. Capitalized costs incurred at drydock are amortized on a straight-line basis from the completion of the drydock to the estimated date of completion for the next drydocking. Routine repairs and maintenance costs incurred during drydock that do not improve or extend the useful life of the vessel are expensed. The residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year-end.

Impairment of non-financial assets
At each reporting date the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of the fair market value of the asset, less cost to sell, and the net present value (NPV) of future estimated cash flow from the employment of the asset ("value-in-use"). The NPV is based on a discount rate according to a pre-tax weighted average cost of capital ("WACC") reflecting the Company's required rate of return. The WACC is calculated based on the expected long-term borrowing rate and a risk-free rate plus a risk premium for the equity. If the recoverable amount is lower than the book value, an impairment charge is recorded. Impairment losses are recognized in the profit and loss statement. Assets are grouped at the lowest level where there are separately identifiable independent cash flows.

The Company has made the following assumptions when calculating the value-in-use for material tangible assets:

Future cash flows are based on an assessment of expected time charter earnings and estimated level of operating expenses for each type of vessel over the remaining useful life of the vessel. The Company has identified three cash generating units ("CGUs") for which the recoverable amounts are determined, the Regional Stainless fleet, the Regional Coated fleet and the Deep Sea Coated fleet. As a consequence, vessels will only be impaired if the total value of the CGU based on future estimated cash flows is lower than the total book value.

An impairment loss recognized in prior periods for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

Financial assets
Financial assets are classified as either financial assets at fair value through profit or loss, amortized costs or fair value through other comprehensive income. Financial assets classified at fair value through profit and loss are initially recognized at fair value. Other financial assets are initially recognized based on fair value plus directly attributable transaction costs. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, revaluates this designation at each financial year end. All purchases and sales of financial assets are recognized at the trade date, which is the date that the Company commits to purchase the asset.

From time to time the Company may utilize financial instruments to hedge a portion of its exposure to bunker prices. Fair value changes of the financial instruments are recognized through profit and loss under other financial items.

Fair value
A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, management uses market-observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly (i.e. as prices) or indirectly observable (i.e. derived from prices).

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Further information about the assumptions made in measuring fair values in included in note 16.

Amortized cost
Current and long-term debt is measured at amortized cost and are computed using the effective interest method less any allowance for impairment. The calculation considers any premium or discount on acquisition and includes transaction cost and fees that are an integral part of the effective interest rate.

Impairment of financial assets
The Company assesses at each balance sheet date whether an asset or portfolio of assets is impaired. A portfolio is the lowest level for which there are separate identifiable cash flows (cash-generating units).

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not occurred; simplified approach for credit losses) discounted at the financial asset's original effective interest rate (the effective interest rate computed at initial recognition). If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks in hand and on short-term deposit with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents are net of outstanding bank overdrafts.

Inventories
Inventories consist of bunker fuel, lubricating oils, stores and other supplies. Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out (FIFO) basis.

Non-current assets and disposal groups held for sale
The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale expected within one year from the date of the classification. Property, plant and equipment are not depreciated once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the obligation has to be settled and that a reliable estimate of the obligation can be made.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

If the Company has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognizes any impairment loss that has occurred on assets dedicated to that contract.

Taxes
The majority of the Company's ship owning activities are conducted with subsidiaries in Bermuda. Under current Bermuda law, the Company is not subject to corporate income taxes in Bermuda. Subsidiaries not incorporated in Bermuda may be subject to income taxes in the countries in which they operate: US, Spain, Singapore, Philippines and Denmark. The Company's liability for current tax payable is calculated using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Subsidiaries not incorporated in Bermuda have limited operating activities resulting in minimal tax liability. Tax rates in these jurisdictions range from -0- per cent to 30 per cent.

Note 4 – Significant accounting judgments, estimates and assumptions

Certain of the Company's accounting principles require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates that affect the reported amounts of assets, liabilities, revenues, expenses and information on potential liabilities. By their very nature, these judgments and estimates are subject to an inherent degree of uncertainty. These judgments and estimates are based on historical experience, terms of existing contracts, observation of trends in the industry, information provided by customers and where appropriate, information available from other sources. Although these judgments and estimates are based on management's interpretations of current events and actions, future events may lead to these judgments and estimates being changed and actual results may ultimately differ materially from those judgments and estimates. Such changes will be recognized when new judgments and estimates can be determined.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

Revenue from contracts with customers – service and lease element
The Company's time charter contracts are separated into a lease element and service element. The lease element of the vessel represents the use of the vessel without any associated performance obligations and are accounted for in accordance with the lease standard as applicable. Revenues from time charter services (service element) and other revenue (i.e. bunkers and other services) are accounted for in accordance with IFRS 15.

Impairment
At each reporting date, management assesses indicators of impairment for non-financial assets and whether the assumptions in the value-in-use calculations are reasonable. Impairment indicators under IFRS existed at year-end 2019 as the market capitalization of the Company was below the Company's net asset value and independent broker values were below book values for the Regional Stainless CGU.

The recoverable amounts have been determined based on value-in-use calculations. When value-in-use calculations are performed, management estimates the expected future cash flows from the assets or cash-generating units and determines a suitable discount rate in order to calculate the present value of those cash flows. This will be based on management's evaluations, including estimating future performance, revenue generating capacity, and assumptions of future market conditions and appropriate discount rates. The Company performed an impairment assessment of the fleet as of 31 December 2019 that led to an impairment charge of $4.9 million.

There is significant uncertainty with regards to several of the assumptions used in the value-in-use calculations. In particular, the expectations for future TC rates are uncertain and have a major impact on the estimated values. The shipping business is cyclical and volatile and the Company experiences a certain degree of over- and underperformance compared to its forecasts. Part of the basis for the impairment assessment is that the Company expects an improved market due to expectations of demand growth exceeding supply growth.

Company as lessee – Lease term of contracts with renewal and termination options
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic inventive for it to exercise the renewal or termination. After the commencement date, the Company reassess the lease term if there is a significant event or change in circumstance that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Company included the renewal period as part of the lease term for its leases in relation to the lease-in of vessels and properties. The Company typically exercises its option to renew leases on its vessels. The Company also included the renewal and extension periods as part of the lease term for leases on properties. Furthermore, the periods covered by termination options are included as part of the lease only when they are reasonably certain not to be exercised. Refer to note 14.

Estimates and assumptions
Management has made estimates and assumptions which have significant effect on the amounts recognized in the financial statements. In general, accounting estimates are considered significant if:

- the estimates require assumptions about matters that are highly uncertain at the time the estimates are made
- different estimates could have been used
- changes in the estimates have a material impact on the Company's financial position

Carrying amount of vessels, depreciation and residual values
In addition to the purchase price, the carrying amounts of vessels are based on management's assumptions of useful life and residual value of the vessels. Useful life may change due to change in technological developments, competition, environmental and legal requirements.

The residual value of a vessel is calculated as the light displacement ton of the vessel multiplied by the estimated steel prices net of estimated cost in connection with the scrapping. Residual values are challenging to estimate given the long lives of the vessels, the uncertainty over future economic conditions and the future price of steel less estimated scrapping costs, which is considered as the main determinant of the residual price. The Company currently estimates residual value annually based upon the average steel prices for the last five years.

Business combination
Allocation of excess value relating to any business combination is based, amongst other considerations, on expected cash flows, supported by independent broker estimates and other external market sources. Refer to note 27.

Leases – Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the *right-of-use asset* in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Note 5 – Changes in accounting policy and disclosures

New standards and improvements adopted by the Company:

Several amendments and interpretations were applied for the first time in 2019, but do not have an impact on the consolidated financial statements of the Company. A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020. None of these new standards and amendments to standards are expected to have significant impact on the Company's financial statements based on the current activity. The Company also has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16, *Leases*
The Company applied IFRS 16, *Leases* as of 1 January 2019. The nature and effect of the changes as a result of the adoption of this new accounting standard is described below.

As of 31 December 2018, the Company had 9 vessels and 4 properties on operational lease-in. These contracts were reflected in the statement of financial position as of 1 January 2019, and impacted the presentation in the Consolidated Statement of Comprehensive Income with a corresponding shift of certain amounts from charterhire and rent expenses to depreciation and interest expenses.

The Company reviewed its leases and determined that the main changes are in relation to the operational lease-in of vessels and properties. The Company adopted the cumulative catch up approach and the effect of these changes on the opening balance position as of 1 January 2019 are $61.6 million for vessels and $4.1 million for properties. The remaining non-cancellable lease payments are discounted at the Company's incremental borrowing rate (approximately 6.05%). The Company had an onerous contract provision of $7.1 million at 31 December 2018 related to its time chartered and bareboat vessels. On 1 January 2019, this amount was offset against the opening balance of the *right-of-use assets* resulting in a total value of *right-of-use assets* of $54.5 million for vessels.

Changes to the statement of financial position at 1 January 2019

($ '000)	Vessels	Properties
Fixed assets (Right-of-use assets)	61 648	4 065
Onerous contracts adjustment	(7 134)	-
Adjusted fixed assets (Right-of-use assets)	**54,514**	**4 065**
Operating lease commitments as at 31 December 2018	**(80 347)**	**(5 447)**
Less: Short-term leases	9 441	371
Less: Low-value asset leases	-	4
Lease commitments to capitalize (undiscounted)	**(70 906)**	**(5 072)**
Less: Interest element	9 258	1 007
Discounted lease commitments as at 1 January 2019	**(61 648)**	**(4 065)**

Impact on statement of comprehensive income (increase/(decrease)):

Due to the adoption of IFRS 16, the Company's EBITDA will improve and depreciation expense and interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17.

($ '000)	2019
Charterhire for vessels on time charter (included in charterhire expense)	(29 840)
Charterhire for vessels on bareboat (included in charterhire expense)	(3 814)
Office rental expense (included in general and administrative expense)	(814)
Change in EBITDA	**34 468**
Depreciation expense, vessels (included in depreciation and amortization)	28 695
Depreciation expense, office leases (included in depreciation and amortization)	696
Change in EBIT	**5 077**
Interest expense, vessels (included in interest expenses)	3 390
Interest expense, office leases (included in interest expenses)	230
Change in net profit	**1 457**

Impact on statement of cash flows (increase/(decrease)):

Cash flow from operating activities decreased by $34.5 million and cash outflows from financing activities increased by the same amount, relating to decrease in operating lease payments and increases in principal and interest payments of lease liabilities.

($ '000)	2019
Operating lease payments [1)]	(35 440)
Depreciation, time-charter off-hire	972
Interest expense, net, time-charter off hire	(56)
Net cash flows from operating activities	**34 524**
Repayment of obligations under leases	(30 847)
Interest paid on leases	(3 677)
Net cash flows from financing activities	**(34 524)**

1) Composed of different line item (working capital and other adjustments) in the indirect reconciliation of operating cash flows.

The table set out below further illustrates the cash outflows on leases:

($ '000)	2019
Cash outflow – capitalized leases	35 440
Cash outflow – short-term leases	8 578
Cash outflow – low-value assets	39
Total cash outflow from leases	**44 057**

Note 6 – Segment information

All of the Company's vessels earn revenue from the seaborne transportation of liquid chemicals and petroleum products in the international shipping market. The vessels exhibit similar economic and trading characteristics as well as similar long-term financial performance. As such, the Company and the chief operating decision maker ("CODM") measure the Company's performance based on consolidated profit/(loss) for the aggregate of all vessels. The Board of Directors has been identified as the Company's CODM. The CODM does not regularly review a measure of operating result at a lower level than the consolidated group. The amounts provided to the CODM with respect to the non-current assets and non-current liabilities are measured in a manner consistent with that of the financial statements. Based on the nature of the services and type of customers, it has been concluded that the Company has only one reportable segment: chemical tankers.

($ '000)	2019	2018
Freight revenue	325 603	312 738
Voyage expenses	(126 630)	(131 496)
Freight income on T/C basis	**198 973**	**181 242**

The Company provides geographical data for revenue only, as the Company's non-current assets predominantly are vessels, which generally trade worldwide. Accordingly, it is not possible to allocate these non-current assets to specific geographical areas. Gross revenue from specific foreign countries is outlined below.

Gross revenue per geographical area

($ '000)	2019	2018
United States of America	107 745	113 053
Other America	18 063	17 318
Spain	27 438	27 196
Other Europe	87 669	71 889
Asia	36 776	37 334
Africa	20 137	25 594
Time charter revenue	27 775	20 354
Freight revenue	**325 603**	**312 738**

The table below shows the Company's contracted time charter out revenue at the end of 2019. Time charter revenues are earned ratably over the contracted term with at an agreed-upon daily rate.

($ '000)	2019	2018
Within one year	8 173	6 409
After one year, but no more than five years	-	-
Total expected time charter payments	**8 173**	**6 409**

The Company had one customer contributing more than 10 per cent of total operating revenues.

Note 7 – Revenue

Each of the Company's time charter contracts are separated into a lease element and service element. The lease element of the vessel represents the use of the vessel without any associated performance obligations and are accounted for in accordance with the lease standard as applicable. Revenues from time charter services (service element) and other revenue (i.e. bunkers and other services) are accounted for in accordance with IFRS 15.

($ '000)	2019	2018
Voyage charter revenue	263 347	260 545
Demurrage and dispatch	43 532	41 735
Service element	22 155	12 690
Other	107	342
Commissions	(9 805)	(10 238)
Revenue from contracts with customers	**319 336**	**305 074**
Lease element	6 267	7 664
Total freight revenue	**325 603**	**312 738**

Contract assets (unbilled receivables) relate to the Company's conditional right to consideration for the completed performance obligation of the transportation of goods. Contract liabilities (customer advances and deposits) are recognised as revenue as or when the performance obligation is completed. The Company's contract assets and contract liabilities are set out below:

($ '000)	2019	2018
Contract assets	10 161	11 773
Contract liabilities	(5 744)	(5 233)
Net contract assets (liabilities)	**4 417**	**6 540**

The Company has taken the practical expedient not to disclose quantitative information about unsatisfied or partially satisfied performance obligations, as the original expected duration of the underlying contracts are less than one year.

Note 8 – Voyage expenses

($ '000)	2019	2018
Bunker expenses	(78 948)	(85 538)
Port expenses	(45 176)	(46 470)
Other voyage related expenses	(2 506)	512
Voyage expenses	**(126 630)**	**(131 496)**

Port expenses include pilotage, towage, agency fees, survey, stevedoring and cleaning.

Note 9 – Ship operating expenses

($ '000)	2019	2018
Crew expenses	(59 937)	(56 873)
Technical expenses	(37 795)	(35 192)
Other expenses (insurance, fees, etc.)	(15 610)	(13 742)
Ship operating expenses	**(113 342)**	**(105 807)**

Note 10 – Financial items

Interest expenses ($ '000)	2019	2018
Interest expenses, debt and borrowings	(11 974)	(9 900)
Interest expenses, leased vessels	(3 616)	(416)
Interest expenses	**(15 590)**	**(10 316)**

Other financial items ($ '000)	2019	2018
Other financial income	25	-
Other financial income	**25**	**-**
Foreign exchange loss	(191)	(289)
Other financial expenses	(3 438)	(3 371)
Other financial expenses	**(3 629)**	**(3 660)**
Other financial items	**(3 604)**	**(3 660)**

Summary of net financial income / expenses is as follows:

2019 ($ '000)	Debt and payables	Loan and receivables	Other financial assets/ liabilities	Total
Interest income	-	302	-	302
Interest expenses	(15 590)	-	-	(15 590)
Other financial items	-	(191)	(3 413)	(3 604)
Net financial income/(expenses)	**(15 590)**	**111**	**(3 413)**	**(18 892)**

2018 ($ '000)	Debt and payables	Loan and receivables	Other financial assets/ liabilities	Total
Interest income	-	688	-	688
Interest expenses	(10 316)	-	-	(10 316)
Other financial items	-	(289)	(3 371)	(3 660)
Net financial income/(expenses)	**(10 316)**	**399**	**(3 371)**	**(13 288)**

Note 11 – Vessels

2019 *($ '000)*	**Vessels**	**Other equipment**	**Total**
At 1 January 2019, net of accumulated depreciation	**517 902**	**1 230**	**519 132**
Additions (mainly upgrading and docking of vessels)	17 243	199	17 442
Sale of vessels/reclassification to held for sale [1]	(80 911)	-	(80 911)
Other	-	(10)	(10)
Vessel impairment	(4 902)	-	(4 902)
Depreciation for the period	(37 583)	(386)	(37 969)
At 31 December 2019 net of accumulated depreciation	**411 749**	**1 033**	**412 782**
At 31 December 2019			
Cost	735 715	3 186	738 901
Accumulated impairment	(186 959)	-	(186 959)
Accumulated depreciation	(137 007)	(2 153)	(139 160)
Net carrying amount	**411 749**	**1 033**	**412 782**
No. of vessels	32	-	32

1) In 2019, the Company completed the sale and delivered to buyers the Team Tapatio, Sichem Paris, Tambourin, Sichem Montreal and Team Tarantella for a total of $45.7 million. The aggregate losses on the vessel sales were $8.4 million. The Team Tosca and Team Toccata were classified as *Vessels held of sale* at 31 December 2019 totaling $25.3 million (See note 21).

2018 *($ '000)*	**Vessels**	**Other equipment**	**Total**
At 1 January 2018, net of accumulated depreciation	**379 810**	**917**	**380 727**
Vessel additions [1]	189 000	-	189 000
Additions (mainly upgrading and docking of vessels) [2]	16 826	726	17 552
Sale of vessels/reclassification to held for sale [3]	(9 185)	-	(9 185)
Other	-	7	7
Vessel impairment	(18 001)	-	(18 001)
Depreciation for the period [4]	(40 548)	(420)	(40 968)
At 31 December 2018 net of accumulated depreciation	**517 902**	**1 230**	**519 132**
At 31 December 2018			
Cost	829 926	3 007	832 933
Accumulated impairment	(197 939)	-	(197 939)
Accumulated depreciation	(114 085)	(1 777)	(115 862)
Net carrying amount	**517 902**	**1 230**	**519 132**
No. of vessels	38	-	38

1) In 2018, the Company purchased the Tosca for $13.6 million and acquired through the Laurin Shipping AB and Anglo-Atlantic Steamship Co. Ltd. transaction a fleet of 14 vessels, of which 4 are operational leased vessels on time charter (total vessels acquired $175.4 million). See note 27 for additional information.

2) Capitalized dry dock expenditures on operational leased vessels of $2.9 million is excluded. Expenditures capitalized for vessels on operational leases are classified as non-current assets.

3) The Sichem Defiance was classified as *Vessels held for sale* at 31 December 2018 for $6.6 million (See note 21).

4) Depreciation expense for the Company's operational leased vessels of $0.2 million is excluded.

The majority of the Company's owned vessels are pledged to secure the Company's loan facilities. Vessels are depreciated on a straight-line basis. The expected useful life of the vessels is estimated to be 25 years. Docking and coating costs are capitalized and depreciated over the estimated period to the next docking or coating: special survey over 5 years or until next survey; intermediate survey 2.5 years; coating 7 years; and ballast water treatment system (BWTS) over the remaining life of the vessel for which the BWTS was installed. The residual values are evaluated on a regular basis and any changes will have an effect on future depreciation. In 2019, the Company's residual value was $400 per light displacement ton (2018: $400).

Other equipment mainly consists of office and computer equipment, software, and furniture, fixtures and leasehold improvements. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which are typically over 3-7 years.

Note 12 – Vessel Impairment

The Company performed an impairment assessment of the fleet at year end 2019 that led to an impairment charge of $4.9 million to the Regional Stainless CGU (recoverable amount of $72.5 million).

The Company identified three cash generating units ("CGUs") for which the recoverable amounts are determined, the Regional Stainless, the Regional Coated and the Deep Sea Coated fleets. The recoverable amount of a CGU is the higher of the fair value less costs to sell and its value-in-use (Net Present Value). The CGUs are tested separately for owned vessels and *right-of-use assets* as the *right-of-use assets* generally have short useful lives for the Company and are therefore significantly more sensitive to short-term outlook.

To estimate the value-in-use, the Company makes assumptions on cash flows over the useful lives of the vessels. Value-in-use calculations require management to judge whether the book value of assets can be supported by the NPV of future cash flows. Cash flows have been estimated based on industry experience, expectations for future market conditions and long-term return requirements for the industry, with emphasis on third-party data and forecasts. Part of the basis for the impairment assessment is an expectation that the market conditions will improve over the coming years. If the market conditions observed in 2019 continue over a longer period, there is a risk that the Company will recognize impairment charges in the future.

The cash flows were discounted at the pre-tax WACC of 6.5%. The WACC is based on a risk-free rate using the 10-year US treasury yield, an industry beta levered to the Company's targeted capital structure, an empirical market risk premium and a debt margin based on an assessment of the cost of funding. As a starting point for future TC rates in the value-in-use model, management expects realized TCs in 2020 to show an improvement over TC rates realized in 2019. Management has developed a near-term forecast using both internal and external data regarding demand and supply growth for 2020. For the years 2021 to 2022, management developed an intermediate-term forecast using external TC rate expectations and demand and supply growth outlook. TC assumptions after five years are based on newbuilding investment thresholds, the prevailing mid-cycle rate to induce reinvestment in a vessel class.

The recoverable amount for each CGU is sensitive to the assumptions in the value-in-use assessment, and changes to one or more of the assumptions could lead to an impairment charge. There is significant uncertainty with regards to several of these assumptions and in particular, the expectations for future TC rates are uncertain and have a major impact on the estimated values. The shipping business is cyclical and highly volatile and the Company experiences a certain degree of over- and underperformance compared to its forecasts. The assessment is also very sensitive to the discount rate, and changes to the Company's WACC will have an impact on the recoverable amounts.

The Regional Stainless CGU, Regional Coated CGU, and Deep Sea Coated CGU all have fair value less costs to sell for owned vessels at or above book values, after the $4.9 impairment charge, and would not incur further impairment losses due to sensitivity to the above assumptions.

The Company tested its *right-of-use assets* as classified in accordance with IFRS 16 for impairment separately from the owned vessels due in part to the short average length of the useful life for the Company and the distinct cash flow profiles of the *right-of-use assets*. The test was performed for each CGU using the same assumptions as for the owned vessels. No impairment charge was needed for the *right-of-use-assets*. Sensitivity to the above assumptions could lead to impairment losses and especially sensitivity to the expected TC rates could lead to further impairment losses.

Subsequent to the assessment, the novel coronavirus was declared a pandemic by the WHO and has had a significant negative impact on the world economy which could, in turn, negatively impact the assumptions used in the assessment. The TC rate assumptions, in particular, could be negatively impacted which could lead to impairment losses on the *right-of-use assets*. While the owned vessels have fair value less cost to sell at or above book values and therefore not impacted by sensitivities to the assumptions, the impact of COVID-19 on the global economy could reduce the fair value less cost to sell in 2020 and thereby lead to impairment losses in 2020. The Company will follow the development of the virus on the Company's business and will potentially impair owned vessels and/or *right-of-use-assets* if the outlook or fair value less cost to sell changes over the next months.

Note 13 – Long-term debt

	2019			2018		
($ '000)	Current	Non-current	Total	Current	Non-current	Total
Term loan and revolving credit facilities	24 169	123 412	147 581	21 838	169 924	191 762
Lease obligations (Note 14)	18 943	29 717	48 660	-	-	-
Total	**43 112**	**153 129**	**196 241**	**21 838**	**169 924**	**191 762**

Reconciliation of movements of liabilities to cash flows arising from financing activities

2019 *($ '000)*	Lease liabilities short-term debt	Lease liabilities long-term debt	Interest-bearing short-term debt	Interest-bearing long-term debt	Total
Balance at 1 January 2019	**-**	**-**	**21 838**	**169 924**	**191 762**
Proceeds from loans and borrowings	-	-	-	-	-
Repayment of borrowings	-	-	(18 464)	-	(18 464)
Repayment of obligations under leases	(30 847)	-	-	-	(30 847)
Prepayment on loan from vessel sales	-	-	(18 767)	-	(18 767)
Interest paid	(3 677)	-	(10 692)	-	(14 369)
Debt issuance costs	-	-	-	-	-
Total changes from financing cash flows	**(34 524)**	**-**	**(47 923)**	**-**	**(82 447)**
Liability-related					
Amortized borrowing costs	-	-	-	721	721
Liabilities associated with vessels held for sale	-	-	(7 847)	-	(7 847)
Lease liabilities	32 347	47 193	-	-	79 540
Reclassification	17 476	(17 476)	47 233	(47 233)	-
Interest accrued	3 644	-	10 868	-	14 512
Total liability-related other charges	**53 467**	**29 717**	**50 254**	**(46 512)**	**86 926**
Balance at 31 December 2019	**18 943**	**29 717**	**24 169**	**123 412**	**196 241**

2018 ($ '000)	Interest-bearing short-term debt	Interest-bearing long-term debt	Total
Balance at 1 January 2018	**22 000**	**63 675**	**85 675**
Proceeds from loans and borrowings	17 000	183 000	200 000
Repayment of borrowings	(13 500)	(80 000)	(93 500)
Interest paid	(6 852)	-	(6 852)
Debt issuance costs	-	(3 597)	(3 597)
Total changes from financing cash flows	**(3 352)**	**99 403**	**96 051**
Liability-related			
Amortized borrowing costs	-	1 281	1 281
Reclassification	(5 565)	5 565	-
Interest accrued	8 755	-	8 755
Total liability-related other charges	**3 190**	**6 846**	**10 036**
Balance at 31 December 2018	**21 838**	**169 924**	**191 762**

Credit Facility

The Company had a loan facility in place at the beginning of 2018 consisting of a $100 million term loan facility and a $50 million revolving credit facility. The Company was in compliance with all of its financial covenants relating to the loan agreement during 2018 and the financing agreement was fully repaid on 4 April 2018.

In connection with the Laurin Shipping and Anglo-Atlantic acquisitions, the Company refinanced its existing $100 million loan facility and $50 million revolving credit facility and entered into a new $220 million financing agreement on 28 March 2018 with a syndicate of banks. The new loan consisted of a $200 million term loan facility and a $20 million revolving credit facility ("RCF"). The final maturity for the facilities is 31 March 2023.

The facilities are secured by first priority mortgages on certain of the Company's vessels with other security usual and customary for a transaction of this type. The credit facility contains certain financial covenants including minimum liquidity, a minimum equity ratio, a minimum interest coverage ratio, positive working capital, a drydock reserve and a collateral maintenance clause. The Company was in compliance with all of its financial covenants relating to its loan agreements during 2019 and at 31 December 2019.

The facilities incur an interest rate of USD LIBOR + 3.25 per cent per annum for any drawn amount. The RCF incurs a commitment fee of 40 per cent of the interest margin of the facility per annum calculated on the unused and uncancelled commitment of the RCF during the period for which the RCF is available.

The table below provides an overview of the maturity profile and estimated interest payments for the Company's loan facility for each financial year until maturity, assuming that only the term loan facility is utilized. For the determination of interest payments, the Company has used LIBOR at the reporting date. Refer to note 24 for further details on the Company's liquidity risk.

($ '000)	2020	2021	2022	2023	Estimated cash flows
Repayment	(32 055)	(23 697)	(23 697)	(75 321)	(154 770)
Estimated interest	(7 255)	(5 445)	(4 312)	(1 709)	(18 721)
Total payments on term loan facility	**(39 310)**	**(29 142)**	**(28 009)**	**(77 030)**	**(173 491)**

Note 14 – Leases

Company as lessee

The Company has 10 vessels and 4 property lease contracts as at 31 December 2019 that include extension, renewal and termination options. The leased vessels are either on bareboat ("BB") or time charter ("TC") parties. The Company is responsible for the technical management of the BB vessels while the leasing counterparties are responsible for the technical management of the TC vessels. The BB vessel leases typically run for periods of 10 years and TC vessel leases typically run for periods of two to three years with options to renew the leases after that date.

The Company also has certain leases with lease terms of 12 months or less. The Company recognizes the hire paid with respect to these "short-term leases" as expenses under the line item charterhire expenses in the income statement.

If the Company has an option to purchase a leased vessel, the last possible purchase date is included in the table below and the purchase price reflects the strike price at the latest possible exercise date.

Vessel	DWT	Contract	Period end 1)	Max period end 2)	Latest exercise	Purchase price
Silver Linda[3)]	49 746	TC	Q1'20	N/A	N/A	N/A
Tintomara	44 999	TC	Q1'20	Q1'21	N/A	N/A
Blue Star	9 438	TC	Q3'20	Q3'21	N/A	N/A
Silver Houston	49 746	TC	Q4'20	N/A	N/A	N/A
Silver Eleanor	49 746	TC	Q4'20	N/A	N/A	N/A
Endo Breeze	44 999	TC	Q2'22	N/A	N/A	N/A
Sichem Iris	8 139	BB	Q1'25	N/A	N/A	N/A
Sichem Melbourne	12 936	BB	Q1'25	N/A	N/A	N/A
Sichem Eagle	25 421	BB	Q1'25	N/A	N/A	N/A
Sichem Mississippi[4)]	12 273	BB	Q4'28	N/A	Q4'28	JPY 1.06M

1) Maturity date of the firm charter period.
2) Max possible charter period including extensions.
3) The vessels were redelivered in the first quarter of 2020.
4) There is an option to purchase the Sichem Mississippi for JPY 1.06 million on or before the end of the firm charter period.

During 2019, the Company has entered in two new time charters resulting in new lease assets $19.7 million. One leased vessel was redelivered to owners following early termination of the time-charter contract. Set out below are the carrying amounts of *right-of-use assets* recognized and the movements during the period:

($ '000)	Right-of-use assets: vessels	Right-of-use assets: properties	Total
At 1 January 2019, net of accumulated depreciation	**54 514**	**4 065**	**58 579**
New leases 1)	19 677	-	19 677
Expired and terminated leases 2)	(4 967)	-	(4 967)
Transfers and reclassifications 3)	3 006	-	3 006
Depreciation for the period 4)	(30 145)	(696)	(30 841)
At 31 December 2019, net of accumulated depreciation	**42 085**	**3 369**	**45 454**

1) Team Tapatio (renamed Endo Breeze) time-charter three year period and Sichem Paris (renamed Masagana) time-charter two year period.
2) The vessel Masagana was redelivered to owners following early termination of the time-charter contract.
3) Capitalized dry dock expenditures on operational leased vessels were classified as non-current assets as of 31 December 2018.
4) Depreciation expense for the Company's off-hire time-chartered lease vessels of $(1.0) million is excluded.

Set out below are the carrying amounts of *lease obligations* recognized and the movements during the period:

($ '000)	Lease obligation, vessels	Lease obligation, properties	Total
At 1 January 2019	**61 648**	**4 065**	**65 713**
New leases	19 677	-	19 677
Expired and terminated leases	(4 967)	-	(4 967)
Lease payments	(34 626)	(814)	(35 440)
Accretion of interest	3 447	230	3 677
At 31 December 2019	**45 179**	**3 481**	**48 660**
Non-current	26 864	2 853	29 717
Current	18 315	628	18 943
At 31 December 2019	**45 179**	**3 481**	**48 660**

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. The extension options held are exercisable only by the Company and not by the lessors. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4).

Set out below are undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

2019 ($'000)	< 1 year	1-3 years	4-5 years	> 5 years	Total
Charterhire for vessels on TC	24 597	9 860	-	-	34 457
Charterhire for vessels on BB	3 825	11 425	5 973	7 344	28 567
Office leases	818	2 029	526	870	4 243
Total	**29 240**	**23 314**	**6 499**	**8 214**	**67 267**

Note 15 – Commitments

Lease commitments

The Company had 12 vessels accounted for as leases at 31 December 2019. 10 of the vessels have lease term commitments of more than one year has been classified as *right-of-use assets* (see note 14). Leases less than one-year terms or extension options has been classified as short-term leases included in charterhire expenses. The leased vessels are either on bareboat ("BB") or time charter ("TC") parties. The Company is responsible for the technical management of the BB vessels, while the leasing counterparties are responsible for the technical management of the TC vessels.

For short-term TCs and BBs, the charterers have firm charter periods and the period ends are shown in the table below.

Vessel	DWT	Contract	Period end [1]	Max period end [2]	Latest exercise	Purchase price
PVT Neptune[3]	13 056	TC	Q1'20	N/A	N/A	N/A
Black Star[3]	9 438	TC	Q1'20	Q1'21	N/A	N/A

[1] Maturity date of the firm charter period.
[2] Max possible charter period including extensions.
[3] The vessels were redelivered in the first quarter of 2020.

The table below provides an overview of the lease commitments. The table is divided into charterhire for short-term leased vessels on time charter and bareboat charter. Other leases include cars and office equipment which are also considered as short-term and leases of low-value items. The Company has elected not to recognize *right-of-use assets* and *lease liabilities* for these leases.

2019 (under IFRS 16)	Falling due within one year	Falling due between one and five years	Falling due after five years	Total
($'000)				
Short-term leases				
Charterhire for vessels on TC	3 802	575	-	**4 377**
Charterhire for vessels on BB	-	-	-	**-**
Other office leases	132	215	-	**347**
Low-value assets				
Office equipment and software	33	71	-	**104**
Total	**3 977**	**861**	**-**	**4 827**

2018 (before IFRS 16)	Falling due within one year	Falling due between one and five years	Falling due after five years	Total
($'000)				
Charterhire for vessels on TC	30 834	11 587	-	**42 421**
Charterhire for vessels on BB	3 814	18 672	9 895	**32 381**
Other leases	937	1 812	172	**2 921**
Total	**35 585**	**32 071**	**10 067**	**77 723**

Note 16 – Financial instruments

Carrying amount and fair value of financial items by class of financial assets and liabilities
The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Derivative financial instruments
The Company may enter into derivative financial instruments, including bunker hedge agreements, with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly commodity forward contracts.

Credit facilities, bond loans and obligations under finance leases
The fair value of credit facilities and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms.

At the end of 2019, Management determined that the Company's outstanding debt and the fair value of the bank loans is not considered to be different from the carrying amount as the Company refinanced in April 2018 and has received financing quotes with similar terms during 2019 related to the Company's M&A activities.

The table below provides an overview of the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not include fair value information for trade receivables, cash and short-term deposits, trade payables and other current liabilities, for which fair value is included in notes 19, 20 and 22.

		2019		2018	
($ '000)	**Level**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets at fair value through profit or loss					
Bunker hedges	Level 2	-	-	11	11
Total financial assets		**-**	**-**	**11**	**11**
Financial liabilities measured at amortized cost					
Credit facilities	Level 2	147 581	154 770	191 762	194 837
Total financial liabilities		**147 582**	**154 770**	**191 762**	**194 837**

There were no transfers between the levels during the period.

Share Repurchase
In 2019, the Company repurchased 3,161,564 (2018: 92,759) outstanding shares of its stock at an average price of NOK 5.10 (2018: NOK 8.02) per share. At 31 December 2019, the Company held 6,324,076 treasury shares (2018: 3,874,738).

Note 17 – Issued capital

	Number of shares	$ '000
At 31 December 2017	**188 482 074**	**1 885**
Share issuance acquisition of Anglo/Laurin	21 096 099	211
At 31 December 2018	**209 578 173**	**2 096**
Changes in shares and share capital in the period	-	-
At 31 December 2019	**209 578 173**	**2 096**

The Company's share capital was $2,095,781.73 at 31 December 2019. Outstanding shares were 209,578,173, each with a par value of $0.01.

Note 18 – Earnings per share

Basic and diluted earnings per share are calculated by dividing net profit (loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Treasury shares are not included in the weighted average number of shares.

Since 2015, the Company has granted equity and option awards for the aggregate of 12,058,039, of which 5,874,000 remain unvested. In 2019, 225,000 of restricted shares and 500,000 of equity options were forfeited upon the departure of the former CFO. The successor CFO was granted 330,000 shares of restricted stock vesting over a one-year period. Additionally, 544,000 restricted shares were issued to key management in 2019 with a one-year vesting period. Shares held by management and the Company's employees as equity awards are included as potential dilutive shares in the calculation of diluted earnings per share.

The following table reflects the income and share data used in the Company's basic and diluted earnings per share calculations:

	2019	2018
Numerator:		
Net profit (loss) attributable to equity holders ($ '000)	(50 106)	(53 839)
Denominator:		
Weighted average number of shares for basic earnings per share calculation	205 769 100	200 251 112
Weighted average number of shares for diluted earnings per share calculation	210 231 934	204 713 946
Earnings/(Loss) per Common Share		
Earnings/(Loss) per share - basic ($)	(0.24)	(0.27)
Earnings/(Loss) per share - diluted ($)	(0.24)	(0.27)

The Board of Directors decided not to declare a dividend for the financial year 2019 or 2018.

Note 19 – Trade and other receivables

($ '000)	2019	2018
Trade receivables	30 845	36 223
Contract assets	10 161	11 773
Other receivables	5 264	4 770
Trade and other receivables	**46 270**	**52 766**

The fair value of trade and other receivables is $46.3 million (2018: $52.8 million). All receivables are non-interest bearing. The majority of the receivables are receivables from customers and generally due within 3 to 30 days after discharge. Demurrage receivables have different payment terms. The aging of trade receivables excluding the provision for impairment of $1.5 million (2018: $1.7 million) at year-end is as follows:

	Aging profile			
($'000)	Not due	< 90 d	> 90 d	Total
Trade receivables, carrying amount as of 31 December 2019	7 242	19 395	5 714	**32 351**
Trade receivables, carrying amount as of 31 December 2018	5 813	23 712	8 945	**38 470**

Trade receivables are from a wide range of customers and the assessment of impairment are done individually or collectively.

The Company further evaluates impairment loss receivables using the simplified approach for credit losses by calculating an expected credit loss based on historical losses and by individually assessing significant claims. A 10% demurrage provision is consistently applied for all amounts invoiced until amounts are further agreed with customers.

Movements in the provision for impairment of trade receivables are as follows:

($ '000)	2019	2018
At 1 January	1 739	933
Net provision recognized	1 349	910
Utilized	(1 582)	(104)
At 31 December	**1 506**	**1 739**

Note 20 – Cash and cash equivalents

($ '000)	2019	2018
Banks	42 200	32 580
Petty cash	631	820
Restricted cash	300	324
Cash and cash equivalents	**43 131**	**33 724**

The fair value of cash and cash equivalents is $43.1 million (2018: $33.7 million). As of 31 December 2019, a total of $20.0 million of the Company's credit facilities were undrawn.

Note 21 – Vessels held for sale

At 31 December 2019, the Company had two *Vessels held for sale* totaling $25.3 million as compared to one vessel held for sale at 31 December 2018 for $6.6 million. Vessels held for sale are stated at fair value less costs to sell. The reclassification to *Vessels held for sale* resulted in the recognition of a loss of $5.1 million. One vessel was delivered to new owners in Q1 2020 and one vessel is scheduled to be delivered to new owners in Q2 2020.

As required under the Credit Facility, a portion of the vessel sale proceeds are used to prepay the debt obligation. The amount of the prepayment is classified as *Liabilities associated with vessels held for sale*. The total estimated debt prepayment for the two *Vessels held for sale* at the end of the 2019 was $7.8 million.

Note 22 – Current Liabilities

Trade and other payables consist of the following at 31 December 2019 and 2018:

($ '000)	2019	2018
Trade payables	11 226	7 794
Accrued expenses	18 564	19 622
Contract liabilities	5 744	5 233
Other payables	2 063	6 596
Trade and other payables	**37 597**	**39 245**

The fair value of trade and other payables is $37.6 million (2018: $39.2 million).

Included in trade payables at 31 December 2019 and 2018 are cost of sales associated with the vessel held for sale totaling $1.6 million and $0.3 million, respectively.

Accrued expenses as of 31 December 2019 included zero provision (2018: $2.6 million) for onerous contracts in accordance with IAS 37 (see note 23).

Other current liabilities at 31 December 2019 and 2018, included an accrual of $3.8 million and $5.7 million respectively, for a 4% gross basis transportation tax that may apply to a portion of the Company's gross income which will be reportable as US Source International Income. For the tax year 2017 and future periods, the Company will not qualify for tax exemption under Section 883 unless its status changes. The Company accrued and paid $2.5 million for 2018 and accrued $2.5 million for 2019, of which $1.9 million was paid in Q4 2019.

The following table summarizes the contractual maturities of financial liabilities on an undiscounted basis:

2019 *($'000)*	< 1 year	1-3 years	4-5 years	> 5 years	Total
Interest-bearing loans and borrowings	(32 055)	(122 715)	-	-	(154 770)
Interest payments	(7 255)	(11,466)	-	-	(18 721)
Trade and other payables	(37 450)	-	-	-	(37 450)
Total	**(76 760)**	**(134 181)**	**-**	**-**	**(210 941)**

2018 ($'000)	< 1 year	1-3 years	4-5 years	> 5 years	Total
Interest-bearing loans and borrowings	(19 000)	(84 000)	(89 000)	-	(192 000)
Interest payments	(11 253)	(25 679)	(2 656)	-	(39 588)
Trade and other payables	(39 245)	-	-	-	(39 245)
Total	**(69 498)**	**(109 679)**	**(91 656)**	**-**	**(270 833)**

Note 23 – Provisions and Contingent Liabilities

IAS 37, Provisions, Contingent Liabilities and Contingent Assets, defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. IAS 37 also states that the unavoidable costs under a contract reflect the net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The Company has certain onerous time charter contract obligations and accordingly under IAS 37, has recorded a provision. Future onerous obligation of such contracts is $7.1 million as of 31 December 2018. In connection with the Anglo-Atlantic acquisitions, a total of $6.2 million related to onerous time charter contracts was recorded as part of the bargain purchase gain in the Consolidated Statement of Comprehensive Income. Onerous bareboat charter contract loss of $3.5 million was additionally recognized during the fourth quarter 2018. The onerous contracts contain various expiry dates that range from September 2018 to December 2028. At 31 December 2018, the current portion of the provision was $2.6 million and the long-term portion was $4.5 million.

Note 24 – Financial risk management, objectives and policies

Risk management overview
Generally, the market conditions for shipping activities are volatile and, as a consequence, financial results may vary considerably from year to year. Market risks are related to freight rates, bunker prices and vessel prices which the Company has limited abilities to influence. In addition, the Company is exposed to a number of different financial risks such as liquidity, interest rate and currency risks arising from normal business activities. Such risks are monitored on a regular basis and the Company might use financial derivatives to limit the exposure.

Market risks

Freight rate risks
Fluctuations in freight rates are a key factor influencing the Company's cash flow and results. To limit the exposure, the future open ship days are hedged by entering into fixed short to long-term Contracts of Affreightment (CoA) and time charters. The time charters generate secure cash flow for the period they are effective while the CoAs have fluctuating cargo nominations, depending on each customer's requirements.

Bunker price risks
The exposure to fluctuations in bunker prices depends on the type of vessel employment contract. Exposure in a spot trade is taken into consideration when the spot charter rate is determined. The Company seeks to reduce the exposure to fluctuating bunker fuel prices through compensation clauses in contracts with clients. On contracts (CoAs) where this is not possible, the Company may use commodity-based derivatives to reduce the bunker exposure.

Vessel price risks
The risk of changes in the value of the Company's owned and leased vessels is one of the Company's most material risks. At the end of 2019, the Company had 32 owned vessels and no leased vessels with purchase options that the Company would realistically exercise. The change in asset values of the owned vessels will affect the Company's Net Asset Value (NAV), while a change in the value of operationally leased vessels will only affect the Company's theoretical NAV.

Financial risks

Liquidity risk
The Company has relatively low leverage and the cash commitments on interest payments and installments are limited. Available cash and the undrawn portion of the Company's credit facilities provide a satisfactory liquidity position.

Interest rate risk
The Company's exposure to interest rate risk is primarily related to debt financing. The are no financial lease commitments on the balance sheet at 31 December 2019 (2018: 0 million) and none of the Company's debt carried rates fixed for beyond three months (2018: 0 per cent).

The table below shows estimated changes in profit before tax for the Company from reasonable possible changes in interest rates in 2019 and 2018, with all other variables held constant.

	Change in Interest rate	2019	2018
$ '000			
USD LIBOR	+ 1.50%	-2,604	-2,441
	+ 0.75%	-1,302	-1,221
	- 0.75%	1,302	1,221
	- 1.50%	2,604	2,441

Currency risk
The Company's functional currency is USD as the majority of the transactions are in USD. Currency risks therefore arise in connection with transactions in currencies other than USD for certain revenue transactions and administrative expenses. Currencies other than USD are mainly Euro, Danish Kroner, Norwegian Kroner, Swedish Kroner, Philippine Pesos and Singapore Dollars. The Company may use financial derivatives to reduce the net operational currency exposure. The Company held no currency derivatives at year-end 2019.

As of 31 December 2019, the Company held 72 per cent (2018: 69 per cent) of total cash in USD and 28 per cent (2018: 31 per cent) in other currencies.

The following table shows estimated changes in profit before tax for the Company from reasonable possible changes in the US dollar exchange rate within the previous years, with all other variables held constant. Reasonable changes are defined as the standard deviation the five last years before reporting date.

	Change in currency rate	2019	2018
($ '000)			
USD/EUR	+ 0.03	-303	-151
	- 0.03	326	164
USD/NOK	+ 0.38	84	45
	- 0.38	-92	-50
USD/DKK	+ 0.25	247	266
	- 0.25	-266	-288

Credit risk
Cash deposits are only placed with major reputable banks with strong credit ratings. Accounts receivable are generally not collateralized. Potential credit risk is mitigated through long standing customer relationships and repeat business.

The Company's main credit risks are related to payment of freight income. The Company endeavors to trade with creditworthy counterparties. However, a default of a charterer would impose potential loss for the Company. The maximum exposure to credit risk is the trade receivable balance of $30.7 million (2018: $36.2 million).

Capital management
The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders. The Company believes it has a satisfactory capital structure with $111.6 million in net debt and an equity ratio of 57% as of 31 December 2019. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. As part of this capital management, the Company prepares cash forecasts on a regular basis in order to secure short-term financial flexibility and identify future long-term financing needs. In addition to the cash on the balance sheet, the Company has an undrawn credit facility with a $20 million committed limit.

Note 25 – Related party disclosures

The consolidated financial statements include Team Tankers International Ltd. and its subsidiaries and related parties listed in the table below.

Company name	Country of incorporation	% equity interest 2019	% equity interest 2018	% voting rights 2019	% voting rights 2018
Team Tankers Regional Ltd.	**Bermuda**	**100 %**	**100 %**	**100 %**	**100 %**
Team Tankers City Class Ltd.	**Bermuda**	**100 %**	**100 %**	**100 %**	**100 %**
Team Tankers Deep Sea Ltd.	**Bermuda**	**100 %**	**100 %**	**100 %**	**100 %**
- Anglo-Atlantic Chartering Co. Ltd [1)]	Cayman	100 %	100 %	100 %	100 %
- Golden Gate Maritime Co. Ltd. [1)]	Cayman	100 %	100 %	100 %	100 %
- Silver Gate Maritime Co. Ltd. [1)]	Cayman	100 %	100 %	100 %	100 %
- Lion Gate Maritime Co. Ltd. [1)]	Cayman	100 %	100 %	100 %	100 %
Team Tankers Shipping & Trading Ltd.	**Bermuda**	**100 %**	**100 %**	**100 %**	**100 %**
Team Tankers Contender Ltd	**Bermuda**	**100 %**	**100 %**	**100 %**	**100 %**
Team Tankers Management LLC	**USA**	**100 %**	**100 %**	**100 %**	**100 %**
Team Tankers Management Holding AS	**Norway**	**100 %**	**100 %**	**100 %**	**100 %**
- Team Tankers Management S.A.	Spain	100 %	100 %	100 %	100 %
- Laurin Shipping AB [1)]	Sweden	100 %	100 %	100 %	100 %
- Laurin Maritime AB [1)]	Sweden	100 %	100 %	100 %	100 %
- Laurin Maritime Singapore Pte Ltd. [1)]	Singapore	100 %	100 %	100 %	100 %
- Rederi AB Duo [1)]	Sweden	100 %	100 %	100 %	100 %
- Team Tankers Maritime Inc. [1)]	USA	100 %	100 %	100 %	100 %
- Tiger Line Shipping AB [1)]	Sweden	100 %	100 %	100 %	100 %
- Team Tankers Management Pte. Ltd.	Singapore	100 %	100 %	100 %	100 %
- Team Tankers Shipping & Trading (Singapore) Pte. Ltd.	Singapore	100 %	100 %	100 %	100 %
- Team Tankers Management A/S	Denmark	100 %	100 %	100 %	100 %
- Team Tankers Crewing Inc [1)]	Philippines	25 %	25 %	25 %	25 %
- Team Tankers Shipping (Singapore) Pte. Ltd.	Singapore	100 %	100 %	100 %	100 %
- Team Shipping AS	Norway	100 %	100 %	100 %	100 %
Anglo-Atlantic Steamship Co. Ltd. [1)]	**Isle of Man**	**100 %**	**100 %**	**100 %**	**100 %**

[1)] Entities acquired from Laurin Shipping and Anglo-Atlantic 4 April 2018.

In 2019 and 2018, there have been no transactions with, or guarantees provided by or received from, any companies which are defined as related parties or companies which are controlled by a related party, except for the transactions noted above.

Remuneration to Executive Management and Board of Directors

($ '000)	2019	2018
Executive Management[1)]		
Remuneration	2 651	2,476
Share-based payment	1 901	1 514
Retirement and benefits	145	150
Bonus [2)]	1 010	1,075
Total compensation to Executive Management	**5 707**	**5 235**
Board of Directors	540	540
Total remuneration	**6 247**	**5,755**

1) Executive management consists of seven employees in 2019 and 2018.
2) 2019 bonus amounts will be paid in 2020.

Share-based payments

The Executive Chairman, CEO, CFO, and certain members of management have been granted equity awards and options for an aggregate of 12,058,039 shares in the Company. Restricted share awards vest in equal portions over periods ranging from 6 months to five-year periods, from the initial date of grant. These awards are valued based on the market price of the Company's shares as quoted on the Oslo Stock Exchange as of the date of the award. The option awards are based on fixed exercise prices according to the agreements and exercise prices may be at amounts higher than the fair market value on the date of the award. In 2019 and 2018, restricted share award and option expense of $1.9 million and $1.5 million respectively was recorded to the Company's profit and loss statement.

The Company has issued 7,058,039 restricted stock awards. Share based restricted stock awards are expensed proportionally over the vesting period calculated using the grant date share price, number of shares, and NOK exchange rate. The share price at the grant dates range from 5.50 NOK to 13.55 NOK and the exchange rate ranges from 8.0345 to 8.9535 NOK:1 USD. Expense associates with the restricted stock awards total $1.0 million for 2019 and $0.9 million for 2018.

A portion of the restricted stock grants issued in 2018 will become vested if the Company's share price reaches and exceeds certain target levels during the period. If the share price does not reach the target, the vesting can be achieved if the price is reached in a subsequent period. The shares will rollforward and vest together with shares vesting in a following year.

The Company has issued 5,000,000 option awards. The option awards are expensed in accordance with fair value as calculated by the Black-Scholes pricing model. The exercise price for these options range from 8 NOK to 14 NOK. Certain components of the pricing model are readily determined, such as stock volatility, the expected exercise term and risk-free rate. Stock volatility was calculated using the Company's share price history since its listing date in 2015. Volatility is approx. 53-55%. The average expected term is 5-7 years and the risk free rate ranges from 1.3 to 1.5%. Other components in the model involving judgement have been estimated by management, including future probabilities of stock price. Expense associates with the option awards total $0.9 million for 2019 and $0.6 million for 2018.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

(in shares)	2019	2019 WAEP	2018	2018 WAEP
Outstanding at 1 January	8 215 708	11.53 NOK	2 831 417	12.83 NOK
Granted during the year	874 000	5.77 NOK	6 250 000	11.84 NOK
Forfeited during the year	(725 000)	9.78 NOK	-	-
Exercised during the year	(990 708)	12.27 NOK[1)]	(865 709)	13.35 NOK[2)]
Outstanding at 31 December	**7 374 000**	**10.99 NOK**	8 215 708	11.53 NOK
Exercisable at 31 December	1 500 000	10.00 NOK	-	-

1) The weighted average share price at the date of exercise of these awards was 6.63 NOK.
2) The weighted average share price at the date of exercise of these awards was 9.11 NOK.

The weighted average remaining contractual life for the shares outstanding was 1.84 years as of 31 December 2019 and 2.91 years as of 31 December 2019.

In 2019, 874,000 shares of restricted stock were awarded to various members of management. In March of 2019, the price at the date of grant was 6.7 NOK for 200,000 restricted awards and in December the price at the date of grant was 5.5 NOK for 674,000 restricted awards.

During 2019, 725,000 restricted shares and share options were forfeited by the former CFO upon his departure from the Company.

Note 26 – Restrictions on payment of dividends

Under the Bermuda Companies Act, a Bermuda incorporated company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
b) the realizable value of the company's assets would thereby be less than its liabilities.

"Contributed surplus" is defined for purposes of section 54 of the Companies Act 1981, as amended, of Bermuda to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

Furthermore, the Company's loan agreements include restrictions on the payments of dividends by the Company. The Company may only pay dividends up to a maximum of 75 per cent of the Group's consolidated net income over a 12-month period. Payments of dividends are also subject to compliance with covenants after dividends are paid.

Note 27 – Business Combination in 2018

The Company entered into an agreement to acquire all of the outstanding shares in each of Laurin Shipping AB ("**Laurin Shipping**") and Anglo-Atlantic Steamship Company Ltd. ("**Anglo Atlantic**") on 28 February 2018. The acquisition of 100% of the outstanding shares in each of Laurin Shipping and Anglo Atlantic was completed on 4 April 2018.

With the acquisition of Laurin Shipping, trading under the Laurin Maritime brand, Team Tankers added a leading medium range tanker ("MR") operator with commercial and technical expertise to the Company's robust chemical tanker platform. The acquisition of Anglo Atlantic secured a critical mass of sophisticated MRs and a broad portfolio of contracts of affreightment which, combined with Team Tanker's deep-sea chemical transportation expertise, created a leading player in the long-haul transportation of chemical and clean petroleum product cargoes.

In addition to increasing Team Tankers' owned vessel fleet by ten MRs and the chartered in vessel fleet by four MRs, the acquisitions delivered significant operational synergies. The combination of platforms has resulted in overhead savings that reduces the Company's administrative costs on a per ship per day basis. Further, Team Tankers gained access to Laurin Shipping's in-house technical management expertise which has led to enhanced operational control of the Company's fleet resulting in higher-quality service to the Company's customers. On the commercial operating front, Laurin Shipping's extensive Atlantic basin cargo network fits well with the Team Tankers' historical strength in trans-Pacific chemical transportation.

The preliminary purchase price paid at closing on 4 April 2018 for the shares in Laurin Shipping and Anglo Atlantic were estimated to be $10.4 million and $55.3 million respectively. The preliminary purchase price of $10.4 million for Laurin Shipping was paid in cash while the preliminary purchase price for Anglo Atlantic was $13.1 million in cash for a combined cash consideration of $23.5 million. The remainder of the purchase price of Anglo Atlantic was settled in shares. The preliminary subscription price for the shares in the Company was estimated at USD 2.00 per share (approximately NOK 15.72) and a total of 21,096,099 new shares in Team Tankers (the "New Shares") were issued to the former owner of Anglo Atlantic, Thunder Bay Ltd. The New Shares represented 10.07% of the issued shares and votes of Team Tankers. In July 2018, the final purchase price for the shares in Laurin Shipping and Anglo-Atlantic was calculated as USD $10.4 million and USD $54.4 million, respectively, and the final subscription price for the shares in the Company was USD 2.01 per share (approximately NOK 16.37 at prevailing exchange rates). As a result of the final calculations, 477,738 of the Company’s shares were redelivered to the Company by the former owners. Total treasury shares at the end of December amounted to 3,874,738.

Based on the final purchase price, the fair value of the Targets net assets and liabilities for Team Tankers are as follows:

($'000)	Fair Value
Vessels	100 000
Value of purchase option vessels	75 375
Cost of purchase option vessels	(67 991)
Charter portfolio	(6 234)
Interest rate swaps	(467)
Debt	(64 351)
Working capital	21 860
Net identifiable assets	**58 192**
Share consideration	(22 330)
Cash consideration	(23 500)
Total bargain purchase gain	**12 362**

In the negotiation between the buyer and the seller, an assumed fair value of the consideration shares was set at NOK 15.72 per share. Under IFRS, the fair value is set at the share price at completion date, which, at NOK 8.50 per share, was significantly below the assumed fair value of the consideration shares. The main reason for this variance is believed to be the poor performance of chemical and product tanker equities relative to net asset values generally and the trading illiquidity for Team Tankers’ shares listed on Oslo Stock Exchange in particular.

In connection with the acquisitions, the Company refinanced its existing $150 million loan facility and financed the purchase with a combination of cash on hand and a new $220 million financing agreement. The Company entered into a financing agreement on 28 March 2018, with a syndicate of banks for an aggregate principal amount of $220 million split into a $200 million term loan facility and a $20 million revolving credit facility. The final maturity for the facilities is 31 March 2023.

In May 2018, the Company exercised purchase options on three of its leased vessels acquired in the transaction totaling $66.3 million. After the purchase of these three ships, the Company had approximately $200 million drawn on its term loan and an undrawn $20 million revolver.

The facilities have first priority mortgages on certain of the Company's vessels with other security usual and customary for a transaction of this type. The credit facility contains certain financial covenants, including minimum liquidity, a minimum equity ratio, a minimum interest coverage ratio, positive working capital, a drydock reserve and a collateral maintenance clause.

The Term Loan and RCF will incur an interest rate of LIBOR + 3.25 per cent per annum for any drawn amount. The RCF will incur a commitment fee of 40 per cent per annum of the margins of the RCF calculated on the unused and uncancelled commitment of the RCF during the period for which the RCF is available.

Note 28 – Subsequent events

Fleet Changes
In February 2020, the Company completed the sale of the Team Tosca (44,999 dwt, built 2004). A net loss of $2.7 million was recognized in 2019 related to this transaction. The vessel was classified under *Vessels held for sale* as of 31 December 2019. The Company also redelivered the PVT Neptune (13,056 dwt, built 2008) and Black Star (9,438 dwt, built 2011) following the expiry of their short-term operating lease periods, and redelivered the Silver Linda (49,746 dwt, built 2015) following the expiry of its long-term operating lease, classified as a *right-of-use asset*.

Strategic transactions
In March 2020, the Company entered into an agreement for a strategic partnership with Maersk Tankers whereby the Company will transfer commercial management to Maersk Tankers of 27 tankers currently owned or leased by the Company. Out of the 27 tankers, nine are 13k dwt coated vessels, four are 25k dwt coated vessels and 14 are MR tankers. By taking over the vessels' commercial management, Maersk Tankers enters two new segments in which it establishes two new pools. Under the agreement, employees within the Company's operations, chartering, and bunker management departments will transfer from the Company to Maersk Tankers' offices in Copenhagen, Houston, and Singapore. The cooperation commenced on 1 April 2020 and the vessels are planned to enter the pool during the following months.

In March 2020, the Company entered into an agreement to establish a joint venture ("JV") with ship management specialist V.Group, whereby the Company will transfer its in-house managed fleet, consisting of ten MRs and two 25k dwt coated vessels to the JV, along with its on-shore technical organization and seafaring expertise. The Company already has 21 vessels with V.Group for technical management. As part of the agreement, the Company will own 30% and V.Group 70% of the JV, Dania Ship Management AS Denmark. Dania Ship Management AS Denmark will continue to be based in Copenhagen. The JV will benefit both parties bringing together valuable technical and crewing organization from the Company together with V.Group's global reach and expertise. The Company will have access to the groundbreaking IT system ShipSure developed by V.Group that will enhance safety and efficiency. The JV will also provide procurement advantages to the Company from the scale of V.Group. The JV will ensure full and seamless continuity of management for Team both ashore and on board the Company's ships with the same staff, officers, and crew whilst promoting uniformity of management within the Company's fleet. The JV commenced on 1 April 2020.

COVID-19 pandemic

The novel coronavirus outbreak was officially recognized as a pandemic by the World Health Organization (WHO) on 11 March 2020 and, as of the date of this report, has had significant negative impact on the global economy. The Company has experienced a negative impact on the demand for the Regional Coated CGU vessels trading in Asia and, while it is still unclear to what extent the pandemic will affect the Company's trading performance going forward, it is likely that the pandemic will affect the performance of all of its CGUs negatively over time. The difficulty in estimating the impact is exacerbated by the crash in oil prices and the strong underlying demand for tankers as of the time of this report. The Company's onshore employees are working from home and the Company is working to keep its crew safe and to enable crew changes despite the current travel and port restrictions across the globe. If the pandemic lasts for a prolonged period with corresponding impact on the world economy and tanker shipping, it could impact the Company negatively through lower earnings, asset price decline and increased financing costs.

Hamilton, Bermuda, 16 April 2020

The Board of Directors of Team Tankers International Ltd.

/s/ Jesper Bo Hansen	/s/ Robert P. Burke	/s/ Mads Meldgaard
Jesper Bo Hansen	Robert P. Burke	Mads Meldgaard
/s/ Kevin M. Kennedy	/s/ Tom Higbie	/s/ Bryce Fraser
Kevin M. Kennedy	Tom Higbie	Bryce Fraser
/s/ Mikael Laurin	/s/ Morten Arntzen	/s/ Hans Feringa
Mikael Laurin	Morten Arntzen *Chairman of the Board*	Hans Feringa *President &* *Chief Executive Officer*

Responsibility statement

We confirm to the best of our knowledge that the financial statements for 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and that the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and result of Team Tankers International Ltd. for the period. We also confirm to the best of our knowledge that the Board of Directors' report includes a true and fair review of the development, performance and financial position of Team Tankers International Ltd., together with a description of the principal risks and uncertainties that the company faces.

Hamilton, Bermuda, 16 April 2020

The Board of Directors of Team Tankers International Ltd.

/s/ Jesper Bo Hansen	/s/ Robert P. Burke	/s/ Mads Meldgaard
Jesper Bo Hansen	Robert P. Burke	Mads Meldgaard
/s/ Kevin M. Kennedy	/s/ Tom Higbie	/s/ Bryce Fraser
Kevin M. Kennedy	Tom Higbie	Bryce Fraser
/s/ Mikael Laurin	/s/ Morten Arntzen	/s/ Hans Feringa
Mikael Laurin	Morten Arntzen *Chairman of the Board*	Hans Feringa *President &* *Chief Executive Officer*

APPENDIX

Alternative Performance Measures (APMs)

Alternative performance measures (financial performance measures not within the IFRS framework), are used by the Company to provide supplemental information. Financial APMs are intended to enhance comparability from period to period. The APMs are also used internally for management reporting. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner. Financial APMs should not be considered as a substitute for measures of performance in accordance with the IFRS.

Freight income on T/C basis: is defined as freight revenue less voyage expenses.

($ '000)	2019	2018
Freight revenue	325 603	312 738
Voyage expenses	(126 630)	(131 496)
Freight income on T/C basis	**198 973**	**181 242**

EBITDA: is defined as *EBIT* + impairment, depreciation and amortization, provisions for onerous contract, gains from bargain purchase and loss/(gain) on sale of assets

($ '000)	2019	2018
EBIT	(31 214)	(40 551)
Vessel impairment	4 902	18 001
Onerous contracts charter	-	3 516
Depreciation and amortization	67 837	41 149
Bargain gain, business combination	-	(12 362)
Loss/(gain) on sale of vessels	13 481	3 016
EBITDA	**55 006**	**12 769**

Time-Charter Equivalent (TCE): Shipping industry freight rates are commonly measured in terms of “time-charter equivalent” (or TCE) rates, which represent net revenues divided by revenue days.

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Team Tankers International Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Team Tankers International Ltd., which comprise the consolidated statement of financial position as at 31 December 2019, consolidated statements of comprehensive income, the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2019 and their financial performance and 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 International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment vessels

The continued challenging market conditions and the short-term market outlook especially for the cash-generating unit "Regional stainless vessels" triggered an impairment test of the vessels. Hence, management tested recoverable amounts of the vessels. In 2019 an impairment of USD 4.9 million has been recognized.

The impairment evaluation of vessels is dependent on estimates and assumptions regarding future day rates, vessel utilization, operating expenses, capital expenditures, useful lives and discount rate. Considering the extent of estimates and assumptions applied in the impairment evaluation, and management's involvement and judgment in establishing them, we assess impairment of vessels as a key audit matter.

We considered management's defined cash-generating units (CGUs), and we evaluated revenue and utilization assumptions in the cash flows estimated by management through comparison towards the Company's historical data and data from independent market analyst's sector reports. We compared operating expenditures to approved budgets, historical data and the market expectations for the sector. Furthermore, we compared the risk premiums used in the weighted average cost of capital with external data and considered management's adjustments for company specific factors. We considered the accuracy of management's prior year assumptions and evaluated the level of consistency applied in the valuation methodology from previous years. We also tested the mathematical accuracy of the valuation model and performed sensitivity analysis of the assumptions.

Refer to note 4 regarding estimation uncertainties and note 11 and 12 regarding vessels, the valuation model and the sensitivity to key assumptions.

Adoption of IFRS 16 Leases

Team Tankers International Ltd. adopted IFRS 16 Leases from 1 January 2019 using the modified retrospective method. The adoption of IFRS 16 had significant impact on the Company's consolidated financial position. As at 1 January 2019 USD 65.7 million were recognized as right of use assets and corresponding lease liabilities providing an increase of total assets and total equity and liabilities of 10.3 %. As per 31 December 2019 the lease liability recognized amounted to USD 48.7 million. IFRS 16 also affected consolidated statement of comprehensive income and consolidated statement of cash flows. Part of lease costs previously presented as operating costs were classified as depreciation and interest expenses in consolidated statement of comprehensive income and as part of cash flows from financing activities instead of operating activities in consolidated statement of cash flows. The Company's lease contracts were mainly related to rent of vessels on time charter and bareboat agreements. Furthermore, the Company had lease contracts for rent of office spaces. No material contracts defining the Company as a lessor was identified by management.

Management assessed which contracts that contained a lease, and which that did not met criteria's for recognition in the statement of financial position. Lease liabilities were calculated for all lease contracts that were not leases of low-value assets or short-term leases. Key assumptions applied were estimates of non-lease components, discount rates and lease terms including options to extend lease period and/or purchase the asset after a certain period.

Considering the judgement and assessments made by management related to the lease contracts and the impacts on consolidated financial position, the change in classification of costs in consolidated statement of profit or loss and other comprehensive income, and the extent of new disclosure requirements, we assessed adoption of IFRS 16 to be a key audit matter.

We performed audit procedures on data as per 1 January 2019 and 31 December 2019. We tested completeness by comparing management's list of vessel lease contracts to fleet overview and summary of revenue recognized per vessel. For office leases we investigated general and administrative expenses for a sample of subsidiaries within the Group. Furthermore, we inspected a sample of lease contracts. We assessed accounting policies applied including the use of practical expedients. We evaluated management's classification of leases including options. As part of the evaluation of options, we inquired management within operating department to understand economic incentives and elements within control of the lessee.

We tested accuracy of the calculation of lease liabilities by reconciling inputs in the calculation to lease agreements for a sample of lease contracts. We compared amounts for non-lease components to estimate of operating expenses for similar classes of vessels and its consistency to amounts used in budget and impairment assessment. For selected contracts we evaluated the incremental borrowing rate by comparing to borrowing rates obtained by the Company for funding of vessels on comparable terms.

Further we tested the mathematical accuracy of the calculation. We evaluated classification of non-current and current portion of lease liabilities as well as the presentation of lease costs in consolidated statement of profit or loss and consolidated statement of cash flows.

We assessed the Company's disclosures regarding IFRS 16 and its compliance with disclosure requirements. We refer to note 4, 5 and 13 in the financial statements.

Building a better
working world

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 16 April 2020
ERNST & YOUNG AS

This auditor's report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

Fleet list

Vessel	Built	Coating	DWT	Ownership	Flag
Sichem Croisic	2001	Stainless Steel	7 721	Owned	Malta
Sichem Lily	2009	Stainless Steel	8 109	Owned	Malta
Sichem Orchid	2008	Stainless Steel	8 115	Owned	Malta
Sichem Iris	2008	Stainless Steel	8 139	Operational lease	Malta
Sichem Palace	2004	Stainless Steel	8 807	Owned	Malta
Sichem Ruby	2006	Stainless Steel	8 824	Owned	Malta
Sichem Amethyst	2006	Stainless Steel	8 817	Owned	Malta
Team Sapphire	2004	Stainless Steel	8 907	Owned	Malta
Black Star [1)]	2011	Stainless Steel	9 438	Operational lease	Malta
Blue Star	2011	Stainless Steel	9 438	Operational lease	Malta
Tour Pomerol	1998	Stainless Steel	10 379	Owned	Malta
Sichem Challenge	1998	Stainless Steel	12 180	Owned	Bermuda
Sichem Mississippi	2008	Stainless Steel	12 273	Operational lease	Panama
Sichem Marseille	2007	Coated	12 927	Owned	Bermuda
Sichem Melbourne	2007	Coated	12 936	Operational lease	Marshall Island
Sichem New York	2007	Coated	12 945	Owned	Bermuda
PVT Neptune [1)]	2008	Coated	13 056	Operational lease	Bermuda
Sichem Beijing	2007	Coated	13 068	Owned	Bermuda
Sichem Hong Kong	2007	Coated	13 069	Owned	Bermuda
Sichem Mumbai	2006	Coated	13 084	Owned	Bermuda
Sichem Manila	2007	Coated	13 125	Owned	Malta
Sichem Singapore	2006	Coated	13 141	Owned	Malta
Sichem Rio	2006	Coated	13 162	Owned	Malta
Team Hawk	2008	Coated	25 385	Owned	Malta
Team Falcon	2009	Coated	25 419	Owned	Malta
Sichem Eagle	2008	Coated	25 421	Operational lease	Malta
Sichem Osprey	2009	Coated	25 431	Owned	Malta
Team Cavatina	2010	Coated	44 999	Owned	Liberia
Team Calypso	2010	Coated	44 999	Owned	Liberia
Team Corrido	2011	Coated	44 999	Owned	Liberia
Team Tosca [2)]	2004	Coated	44 999	Owned	Liberia
Endo Breeze	2003	Coated	44 999	Operational lease	Liberia
Team Toccata [3)]	2004	Coated	44 999	Owned	Liberia
Tintomara	2003	Coated	44 999	Operational lease	Liberia
Team Explorer	2007	Coated	46 026	Owned	Bermuda
Team Discoverer	2008	Coated	46 043	Owned	Bermuda
Team Leader	2009	Coated	46 070	Owned	Bermuda
Team Amorina	2012	Coated	46 070	Owned	Liberia
Team Allegro	2012	Coated	46 070	Owned	Liberia
Team Adventurer	2007	Coated	46 099	Owned	Bermuda
Team Voyager	2008	Coated	46 190	Owned	Bermuda
Silver Linda [1)]	2015	Coated	49 746	Operational lease	Panama
Silver Houston	2015	Coated	49 746	Operational lease	Panama
Silver Eleanor	2015	Coated	49 746	Operational lease	Marshall Island

1) Redelivered February 2020.
2) Sold and delivered to new owners February 2020.
3) Sales contract executed, expected to be delivered to new owners in Q2 2020.