CONSOLIDATED FINANCIAL STATEMENTS
INDEPENDENT TANKERS CORPORATION LIMITED
YEAR ENDED DECEMBER 31, 2015

Index to the Consolidated Financial Statements of Independent Tankers Corporation Limited

Independent Auditor's Report

To the Board of Directors and Shareholders of Independent Tankers Corporation Limited

We have audited the accompanying consolidated financial statements of Independent Tankers Corporation Limited and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and December 31, 2014, and the related consolidated statements of operations, consolidated statements of cash flows and consolidated statements of changes in equity for each of the three years in the period ended December 31, 2015.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Independent Tankers Corporation Limited and its subsidiaries at December 31, 2015 and December 31, 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers AS

PricewaterhouseCoopers AS
Oslo, Norway
September 13, 2016

Independent Tankers Corporation Limited
Consolidated Statement of Operations for the years ended December 31, 2015, 2014 and 2013
(in thousands of $, except per share data)

	2015	2014	2013
Operating revenues			
Charter revenues	**—**	—	—
Total operating revenues	**—**	—	—
Operating expenses			
Administrative expenses	**(10)**	328	366
Total operating expenses	**(10)**	328	366
Net operating income (loss)	**10**	(328)	(366)
Other income (expenses)			
Interest income	**—**	1	3
Loan interest expense	**(144)**	(147)	(515)
Other financial items	**(1)**	(3)	(2)
Foreign currency exchange gain (loss)	**3**	—	(2)
Net other expenses	**(142)**	(149)	(516)
Net loss from continuing operations	**(132)**	(477)	(882)
Net loss from discontinued operations	**(184)**	(51,595)	(15,118)
Net loss	**(316)**	(52,072)	(16,000)
Basic and diluted loss per share from continuing operations	**$0.00**	$(0.01)	$(0.01)
Basic and diluted loss per share from discontinued operations	**$0.00**	$(0.69)	$(0.20)
Basic and diluted loss per share	**$0.00**	$(0.70)	$(0.21)

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

Independent Tankers Corporation Limited
Consolidated Balance Sheets as of December 31, 2015 and 2014
(in thousands of $)

	2015	2014
Assets		
Cash and cash equivalents	**4,341**	4,502
Restricted cash	—	41,144
Due from related parties	—	2,691
Other current assets	—	3
Total assets	**4,341**	48,340
Liabilities		
Current portion of long-term debt	—	36,655
Trade accounts payable	—	122
Due to related parties	**6,465**	12,132
Accrued expenses	**124**	1,363
Total liabilities	**6,589**	50,272
Deficit		
Share capital (2015 and 2014: 74,825,166 shares of $0.01 each)	**748**	748
Contributed surplus	**21,840**	21,840
Retained deficit	**(24,836)**	(24,520)
Total deficit	**(2,248)**	(1,932)
Total liabilities and deficit	**4,341**	48,340

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

Independent Tankers Corporation Limited
Consolidated Statement of Cash Flows for the years ended December 31, 2015, 2014 and 2013
(in thousands of $)

	2015	2014	2013
Net loss	**(316)**	(52,072)	(16,000)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation	—	9,082	17,562
Impairment loss on fixed assets	—	12,425	—
Loss on de-consolidation of Windsor	—	12,415	—
Amortization of debt discount	—	1,629	1,819
Equity losses from unconsolidated subsidiaries	—	706	537
Loss on sale of vessel	—	15,762	—
Changes in operating assets and liabilities:			
Other current assets	**3**	7	(42)
Inventories	—	(183)	1,251
Voyages in progress	—	1,494	1,461
Related party receivables	**2,691**	(792)	(1,248)
Related party payables	**(5,667)**	5,808	(1,017)
Trade accounts receivable	—	(4,699)	295
Trade accounts payable	**(122)**	(32)	82
Accrued expenses	**(1,239)**	(3,080)	1,518
Other current liabilities	—	(98)	(2,600)
Net cash (used in) provided by operating activities	**(4,650)**	(1,628)	3,618
Investing activities			
Change in restricted cash	**41,144**	7,212	20,031
Proceeds from sale of vessel	—	51,335	—
Cash impact of re-consolidation of subsidiaries	—	638	—
Net cash provided by investing activities	**41,144**	59,185	20,031
Financing activities			
Repayment of long-term debt	**(36,655)**	(54,235)	(21,531)
Proceeds from long-term debt	—	—	19,798
Repayment of loan from related party	—	—	(26,000)
Net cash used in financing activities	**(36,655)**	(54,235)	(27,733)
Net change in cash and cash equivalents	**(161)**	3,322	(4,084)
Cash and cash equivalents at beginning of year	**4,502**	1,180	5,264
Cash and cash equivalents at end of year	**4,341**	4,502	1,180
Supplemental disclosure of cash flow information:			
Interest paid	**1,367**	21,315	21,772

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

Independent Tankers Corporation Limited
Consolidated Statement of Changes in Equity for the years ended December 31, 2015, 2014 and 2013
(in thousands of $, except number of shares)

	2015	2014	2013
Number of shares outstanding			
Balance at beginning and end of year	**74,825,166**	74,825,166	74,825,166
Share capital			
Balance at beginning of year	**748**	748	22,448
Capital reduction	**—**	—	(21,700)
Balance at end of year	**748**	748	748
Contributed surplus			
Balance at beginning of year	**21,840**	21,840	140
Capital reduction	**—**	—	21,700
Balance at end of year	**21,840**	21,840	21,840
Retained (deficit) earnings			
Balance at beginning of year	**(24,520)**	27,552	43,552
Net loss	**(316)**	(52,072)	(16,000)
Balance at end of year	**(24,836)**	(24,520)	27,552
Total (deficit) equity	**(2,248)**	(1,932)	50,140

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

Independent Tankers Corporation Limited
Notes to the Financial Statements

1. GENERAL

Independent Tankers Corporation Limited ("ITCL" or the "Company") was engaged primarily in the ownership and operation of oil tankers. The Company, through its wholly owned subsidiaries, had previously operated nine tankers of two sizes: six very large crude carriers ("VLCCs") which were between 200,000 and 320,000 deadweight tons ("dwt"), and three Suezmax tankers, which were vessels between 130,000 and 150,000 dwt.

ITCL was incorporated in early 2008 in Bermuda by Frontline Ltd. ("Frontline"), a Bermuda registered company, which is listed on the New York and Oslo stock exchanges. In February 2008, Frontline sold all of its shares in its wholly owned subsidiary, Independent Tankers Corporation ("ITC"), which was incorporated in the Cayman Islands, to ITCL. ITCL purchased ITC from Frontline for a consideration of $22.8 million. The consideration was satisfied by the issuance of 74,825,166 shares with a par value of $0.30 totalling $22.5 million and an interest free sellers credit of $0.3 million. The transfer was recorded by ITCL as a reverse acquisition, with ITC being the accounting acquirer, using Frontline's historical carrying values since the transaction is between entities under common control.

In March 2008, Frontline distributed 17.53% of ITCL's common shares to Frontline's ordinary shareholders and ITCL's common shares commenced trading on the Over-the-Counter-Market in Oslo under the ticker symbol "ITCL".

ITC was incorporated on April 8, 1998 for the purpose of acquiring three separate entities involved in financing and leasing transactions as follows:

The Cal Petro Group of Companies
In 1995, California Petroleum Transport Corporation ("CPTC"), a Delaware corporation, issued as full recourse obligations $117,900,000 8.52% First Preferred Mortgage Notes Due 2015 and $167,500,000 Serial First Preferred Mortgage Notes (together the "California Petroleum Notes"), as agent for one Isle of Man limited company and three Bahamian limited companies (the "Cal Petro Companies"). The Serial First Preferred Mortgage Notes were repaid on April 1, 2006. The proceeds from the sale of the California Petroleum Notes were applied by way of long-term loans to the Cal Petro Companies to fund the acquisition of four Suezmax tankers, the *Cygnus Voyager*, the *Front Voyager*, the *Altair Voyager* and the *Sirius Voyager*. On acquisition, these Suezmaxes were chartered out on long-term bareboat charters to Chevron Transport Corporation ("Chevron") expiring in 2015 subject to optional termination dates prior to that date.

On April 1, 2006, Chevron redelivered the *Front Voyager*, a single hull vessel owned by CalPetro Tankers (Bahamas III) Limited ("Bahamas III") pursuant to the exercise of the first termination option under the charter and a termination payment of $5.05 million. *Front Voyager* was subsequently chartered as a bareboat charter to Frontline.This charter was terminated on April 1, 2010 and a termination fee of $4.9 million was paid in accordance with the charter. The *Front Voyager* was sold on April 8, 2010 for net sale proceeds of $8.3 million. On April 13, 2010 the Company redeemed $10.88 million of the principal amount of the CPTC 8.52% First Preferred Mortgage Term Notes in connection with the sale of *Front Voyager*. On October 3, 2011, pursuant to the provisions of the Collateral Trust Agreement, excess funds of $6.7 million relating to Bahamas III were released and were dividended to ITCL on December 15, 2011. This dividend was eliminated on consolidation.

On October 1, 2014, CPTC entered into an Early Termination Agreement with CalPetro Tankers (Bahamas I) Limited , CalPetro Tankers (Bahamas II) Limited, CalPetro Tankers (IOM) Limited and Chevron. Under the Early Termination Agreement, (1) the existing bareboat charters (the "Bareboat Charters") for the vessels Altair Voyager, Cygnus Voyager and Sirius Voyager (together, the "Vessels"), were terminated as of October 1, 2014; (2) the charter hire payments paid in connection with the Early Termination Agreement were used to redeem the remaining outstanding 8.52% First Preferred Mortgage Notes due 2015 (the "Notes") pursuant to the terms of the indenture governing the Notes; and (3) the Vessels were sold to the Charterer pursuant to the provisions of the bareboat charters for the Vessels for $1 per vessel. The redemption of the Notes was made in accordance with the provisions of the indenture governing the Notes, pursuant to a Notice of Full Optional Redemption provided to holders of the Notes on September 26, 2014. The exercise of the $1 purchase option for the Altair Voyager, Cygnus Voyager and Sirius Voyager was considered a reconsideration event and the Company determined it was the primary beneficiary of the CalPetro Tankers (Bahamas I) Limited, CalPetro Tankers (Bahamas II) Limited, and CalPetro Tankers (IOM) Limited. As these companies have been consolidated into the accounts from that date.

The Golden State Group of Companies
In 1996, Golden State Petroleum Transport Corporation ("GSPTC"), a subsidiary of ITC, issued $127,100,000 8.04% First Preferred Mortgage Term Notes and $51,700,000 Serial First Preferred Mortgage Notes (together the "Golden State Notes"), as agent for two Isle of Man public limited companies (the "Golden State Companies"). The Serial First Preferred Mortgage Notes were repaid on February 1, 2006. The proceeds from the offering and sale of the Golden State Notes were used by the Golden State Companies to fund the construction of two VLCCs, the *Ulriken* (*ex Antares Voyager)* and the *Ulysses* (*ex Phoenix Voyager)*, (the "Golden State VLCCs") that were delivered to the Golden State Companies in 1998 and 1999. On delivery, the Golden State VLCCs were chartered out on bareboat charters to Chevron each with an initial term of eighteen years with the charterer having an option to terminate the charters on the eighth anniversary of the respective delivery date of each Golden State VLCC and each of the four subsequent two-year anniversaries there of. On June 3, 2010, Chevron gave binding notice of termination of the bareboat charter for *Ulriken*, which took effect in December 2010. On September 7, 2012, Chevron gave binding notice of the termination of the bareboat charter for the *Ulysses* and the vessel was redelivered to the Company on March 15, 2013.

In March 2014, the *Ulysses* was sold to an unrelated third party for $25.3 million and the related Term Notes were redeemed in June 2014.

In October 2014, the *Ulriken* was sold to an unrelated third party for $26.0 million and the remaining outstanding balance of $36.7 million on the Term Notes was repaid in full in January 2015.

The Windsor Petroleum Group of Companies
In 1997, Windsor Petroleum Transport Corporation ("WPTC"), a subsidiary of ITC, issued $239,100,000 7.84% First Preferred Mortgage Term Notes and $111,700,000 Serial First Preferred Mortgage Notes (together the "Windsor Notes") as agent for four Isle of Man public limited companies (the "Windsor Companies"). The Serial First Preferred Mortgage Notes were repaid on July 15, 2010. The proceeds from the offering and sale of the Windsor Notes have been used by the Windsor Companies to lease and charter four very large crude carriers built in 1999 and 2000, the *British Pioneer*, the *British Progress*, the *British Purpose* and the *British Pride* (the "Windsor VLCCs"). A portion of the initial proceeds from the Windsor Notes was placed on deposit (the "Head Lease Support Deposits") and the balance of the proceeds were invested in a restricted investment, in the form of a guaranteed investment contract.

The Windsor Companies each entered into a lease (the "Head Leases") in respect of one of the Windsor VLCCs, pursuant to lease agreements with lessors which hold title to the Windsor VLCCs. The Windsor Companies' obligations under the Head Leases are secured by letters of credit. The Head Leases for the four vessels were terminated in January 2009 (*British Pioneer*), January 2010 (*British Progress),* July 2010 (*British Progress*) and July 2011 (British Pride). On the date each the head lease was terminated, Buckingham Petro Limited (*British Pioneer*), Caernarfon Petro Limited (*British Progress*), Sandringham Petro Limited (*British Purpose*) and Holyrood Petro Limited (*British Pride*) fellow subsidiaries of ITCL acquired the vessels.

The Windsor Companies had in turn chartered out the Windsor VLCCs on long term bareboat charters to BP Shipping Limited ("BP Shipping"). In December 2009, Buckingham Shipping PLC received irrevocable notice of termination for the bareboat charter *British Pioneer* and such termination took effect January 8, 2011. The vessel then traded on the spot market and was renamed *Pioneer*. In January 2013, Caernarfon Shipping PLC received irrevocable notice of termination for the bareboat charter *British Progress* and such termination took effect on March 12, 2014. The vessel then traded on the spot market and was renamed *Progress*. In July 2013, the Company was given twelve months notice by BP Shipping of the termination of the bareboat charter for *British Pride* and such termination was scheduled to take effect on July 30, 2014. In July 2013, BP Shipping did not exercise their right to terminate the lease for the *British Purpose*. In accordance with the terms of the charter agreement, the Minimum Rate Period ended July 14, 2014 and the vessel commenced its Variable Rate Period.

On July 15, 2014, several of the subsidiaries and related entities in the Windsor group, which owned four VLCCs, filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court in Wilmington, Delaware. The Company had been consolidating the Windsor group under the variable interest entity model and de-consolidated the group on July 15, 2014 as it lost control of the group as a consequence of the Chapter 11 filing and recorded a loss of $12.4 million in the third quarter of 2014. The Windsor group emerged from Chapter 11 in January 2015 at which time all of the debt in the Windsor group was converted into equity and ownership was transferred to the then current bondholders. Frontline was appointed as commercial manager in January 2015 for the vessels that were owned by the Windsor group prior to its bankruptcy filing. The Company has no ongoing involvement with the Windsor group.

Current Situation
Following the sale of the *Ulriken* by the Golden State Group of Companies in October 2014, none of the Company's subsidiaries own or operate a vessel and the Company no longer has any active business operations.

2. ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The consolidated financial statements include the assets and liabilities of the Company and its subsidiaries and certain variable interest entities in which the Company is deemed to be the primary beneficiary. All intercompany balances and transactions have been eliminated on consolidation.

A variable interest entity ("VIE") is a legal entity where either (a) equity interest holders as a group lack the characteristics of a controlling financial interest, including: decision making ability and an interest in the entity's residual risks and rewards or (b) the equity holders have not provided sufficient equity investment to permit the entity to finance its activities without additional subordinated financial support, or where (c) the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity, their rights to receive the expected residual returns of the entity, or both and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights. ASC 810-10 requires a variable interest entity to be consolidated if any of its interest holders are entitled to a majority of the entity's residual return or are exposed to a majority of its expected losses. The Company equity accounted for its investments in CalPetro Tankers (Bahamas I) Limited, CalPetro Tankers (Bahamas II) Limited and CalPetro Tankers (IOM) Limited up to September 30, 2014 and consolidated these three entities from October 1, 2014.

The preparation of financial statements in accordance with generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

We evaluated all of our activity through September 13, 2016, and concluded that no subsequent events have occurred that would require recognition in the financial statements.

Discontinued operations

We believe that the disposal of a component of an entity or a group of components of an entity shall be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on the Company's operations and financial results. The Company has presented the operations of the VLCCs as discontinued operations since the last remaining vessel was sold in October 2014. In addition, the last three remaining Suezmax vessels, which had been on longterm bareboat charters, were sold to Chevron on October 1, 2014. Therefore, share of results from unconsolidated subsidiaries has also been presented as discontinued operations.

Loss on sale of assets

Losses on sale of assets are recognized when the vessel has been delivered and all risks have been transferred and are determined by comparing the proceeds received with the carrying value of the vessel.

Cash and cash equivalents

For the purposes of the consolidated statements of cash flows, all demand and time deposits and highly liquid, low risk investments with original maturities of three months or less are considered equivalent to cash.

Restricted cash and investments

Restricted cash consists of bank deposits, which may only be used to settle certain pre-arranged loan or lease payments, minimum deposits, management fees and the Vessels' operating costs, must be maintained in accordance with contractual arrangements.

Impairment of long-lived assets

The carrying value of long-lived assets that are held and used by the Company are reviewed whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. Such indicators may include depressed spot rates and depressed second hand tanker values. The Company assess recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposal. If the future net undiscounted cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value. In addition, long-lived assets to be disposed of are reported at the lower of carrying amount and fair value less estimated costs to sell.

Revenue and expense recognition

Revenues are generated from freight billings and bareboat charter hires. Voyage revenues are recognized ratably over the estimated length of each voyage and, therefore, are allocated between reporting periods based on the relative transit time in each period. Voyage expenses are recognized as incurred. Probable losses on voyages are provided for in full at the time such losses can be estimated. Bareboat charter revenues are recorded over the term of the charter as a service is provided. The Company uses a discharge-to-discharge basis in determining percentage of completion for all spot voyages and voyages servicing contracts of affreightment whereby it recognizes revenue ratably from when product is discharged (unloaded) at the end of one voyage to when it is discharged after the next voyage. However, the Company does not recognize revenue if a charter has not been contractually committed to by a customer and the Company, even if the vessel has discharged its cargo and is sailing to the anticipated load port on its next voyage.

Vessels that have entered the minimum rate period of their charter are recorded at the minimum rate applicable during the charter with any market related hire accounted for at the end of the lease. No market related hire was recorded in the periods presented.

Interest payable on the Term Mortgage Notes is accrued on a daily basis.

Discount on the issuance of debt
The Company's term notes are presented net of the discount on the issuance. The discount is being amortized using the effective interest method over the period to maturity of the respective debt. The amortization of the discount is included in interest expense.

Financial instruments
In determining fair value of its financial instruments, a variety of methods and assumptions are used that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments including long-term debt, standard market conventions and techniques are used to determine fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

Foreign exchange
All of the entities within the group have the U.S. dollar as their functional currency. Assets and liabilities are translated into the functional currency at exchange rates existing at the date of the balance sheet. Such currency translation gains and losses are included in the Consolidated Statement of Operations. Transactions in currencies other than the functional currency are translated into the functional currency at the exchange rate at the transaction date.

Earnings per share
Basic earnings per share (“EPS”) is computed based on the income available to common stockholders and the weighted average number of shares outstanding. Diluted EPS includes the effect of the assumed conversion of potentially dilutive instruments.

Other comprehensive income
The Company has no other comprehensive income.

3. RECENT ACCOUNTING PRONOUCEMENTS

The Company does not expect that any recently issued accounting pronouncements will have a significant impact on its consolidated financial statements.

4. DISCONTINUED OPERATIONS

In October 2014, the last remaining VLCC, the *Ulriken,* was sold. As a consequence the results of the VLCCs have been recorded as discontinued operations. On October 1, 2014 the bareboat charters on the three remaining Suezmax vessels (Altair Voyager, Cygnus Voyager and Sirius Voyager) were terminated and the vessels were sold. As a consequence the results of the Suezmax vessels, which were recorded as Equity losses from unconsolidated subsidiaries, have been presented as discontinued operations.

Amounts included in the consolidated statement of operations for the year ended December 31, 2013 have been reclassified in order to conform to the presentation resulting from discontinued operations.

Amounts recorded in respect of discontinued operations in the three years ended December 31, 2015, are as follows;

(in thousands of $)	**2015**	2014	2013
Operating revenues	—	40,659	66,794
Operating expenses	—	(35,678)	(57,662)
Loss on sale of vessel	—	(15,762)	—
Loss from de-consolidation of subsidiaries	—	(12,415)	—
Administrative expenses	**(184)**	(1,104)	(300)
Impairment loss on vessels	—	(12,425)	—
Loan interest expense	—	(14,141)	(23,380)
Equity losses from unconsolidated subsidiaries	—	(706)	(537)
Other financial items	—	(23)	(33)
Net loss from discontinued operations	**(184)**	(51,595)	(15,118)

In March 2014, the Company entered into an agreement to sell the VLCC *Ulysses (ex-Phoenix Voyager)* to an unrelated third party. The vessel was delivered to the buyer on March 11, 2014 and the Company recorded a loss of $15.8 million.

The loss from de-consolidation of subsidiaries comprises the net investment in the Windsor group at the time of de-consolidation and $8.8 million relating to the accelerated amortization of the debt discount on the 7.84% First Preferred Mortgage Term Notes. The Windsor group emerged from Chapter 11 in January 2015 at which time all of the debt in the Windsor group was converted into equity and ownership was transferred to the then current bondholders.

In September 2014, the Company agreed to sell the VLCC *Ulriken (ex Antares Voyager)* to an unrelated third party and recorded an impairment loss of $12.4 million in the third quarter of 2014. The impairment loss recorded was equal to the difference between the asset's carrying value and the agreed sales price.

5. INCOME TAX

Bermuda
Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received written assurance from the Minister of Finance in Bermuda that, in the event of any such taxes being imposed, the Company will be exempted from taxation until March 31, 2035.

Cayman Islands
Under Cayman Islands Tax Concessions Law (1995 Revision) Section 6, the Company and its subsidiaries are not required to pay taxes on either income, gains or appreciations. The Company and its consolidated affiliates have received written assurance from the Governor in Council in the Cayman Islands that the Company and its consolidated affiliates will be exempt until the year 2018.

Other jurisdictions
Certain of the Company's consolidated affiliates are incorporated in the Bahamas and Isle of Man. Under these jurisdictions the Company and its subsidiaries are not liable to pay taxes.

United States
The Company does not accrue U.S. income taxes as the Company is not engaged in a U.S. trade or business and is exempted from a gross basis tax under Section 883 of the U.S. Internal Revenue Code.

The Company does not have any unrecognized tax benefits, material accrued interest or penalties relating to income taxes.

6. SEGMENT INFORMATION

The Company and the chief operating decision maker ("CODM") measure performance based on the Company's overall return to shareholders based on consolidated net income. The CODM does not review a measure of operating result at a lower level than the consolidated group. Consequently, the Company has only one reportable segment: crude oil tankers.

The Company's management does not evaluate performance by geographical region as this information is not meaningful.

The Company did not have any operating revenues in 2015. In 2014, the Company reported revenues from four customers of $11.1 million, $9.3 million, $7.6 million and $5.9 million, which represented 27%, 23%, 19% and 14%, respectively, of consolidated operating revenues from discontinued operation. In 2013, the Company reported revenues from two customers of $21.8 million and $8.8 million, which represented 33% and 13%, respectively, of consolidated operating revenues from discontinued operations.

7. EARNINGS PER SHARE

The computation of basic EPS is based on the net loss of $0.3 million, $52.1 million and $16.0 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The computation of basic EPS is based on the weighted average number of shares outstanding during the year of 74,825,166 for each of the years ended December 31, 2015, 2014 and 2013. There were no potentially dilutive instruments outstanding in the years ended December 31, 2015, 2014 and 2013.

8. RESTRICTED CASH

Restricted cash at December 31, 2014 includes accounts which were established in the name and under the control of the respective trustees of the the Golden State Notes.

9. VESSELS, NET

(in thousands of $)	**Cost**	**Accumulated Depreciation**	**Net Carrying Value**
Balance at December 31, 2012	401,540	(120,611)	280,929
Depreciation	—	(17,562)	
Balance at December 31, 2013	401,540	(138,173)	263,367
Effect of de-consolidation of subsidiaries	(224,602)	49,803	
Impairment loss	(62,153)	49,728	
Depreciation	—	(9,082)	
Vessel disposal	(114,785)	47,724	
Balance at December 31, 2014 and 2015	**—**	**—**	**—**

In March 2014, Golden State B sold the *Ulysses* to an unrelated third party. The vessel was delivered to the buyer on March 11, 2014 and we recorded a loss of $15.8 million in 2014.

On July 15, 2014, several of the subsidiaries and related entities in the Windsor group, which owned four VLCCs, filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court in Wilmington, Delaware. The Company had been consolidating the Windsor group under the variable interest entity model and de-consolidated the group on July 15, 2014 as it lost control of the group as a consequence of the Chapter 11 filing.

In October 2014, Golden State A sold the *Ulriken* to an unrelated third party and recorded an impairment loss of $12.4 million in the third quarter. The vessel was delivered to the new owners in October 2014.

10. ACCRUED EXPENSES

(in thousands of $)	**2015**	2014
Accrued interest	**—**	1,227
Accrued expenses	**124**	136
	124	1,363

11. DEBT

(in thousands of $)	**2015**	2014
Golden State 8.04% Term Notes due 2019	**—**	36,655
Less: short-term portion of long-term debt	**—**	(36,655)
Long-term debt	**—**	—

The Golden State Term Notes were subject to redemption through the operation of mandatory sinking funds. The sinking fund redemption price was 100% of the principal amount of Term Notes being redeemed, together with accrued and unpaid interest to the date fixed for redemption. The Golden State Term Notes were secured, inter alia, by the vessels and cash within the Golden State Companies, and had limited recourse to the Golden State Companies.

On February 1, 2014 Golden State B paid a bi-annual debt installment of $2,295,000 and then on June 9, 2014 the remaining term notes of $39,720,000 were redeemed in connection with the sale of the Vessel *Ulysses.* On February 1, 2014 and August 1, 2014 Golden State A paid bi-annual debt installment of $2,240,000 and $2,330,000 respectively. In October 2014, Golden State A sold the vessel *Ulriken.* The remaining balance of the Term Notes of $36,655,000 were repaid in January 2015. The effective interest rate on the Golden State Term Notes, including the effect of the amortization of the discount on issuance of debt is 8.04%.

Assets Pledged

Restricted cash and investments of $41.1 million were pledged as security for the Golden State Term Notes as at December 31, 2014.

12. FINANCIAL INSTRUMENTS

Fair Values

The carrying value and estimated fair value of the Company's financial instruments are as follows:

(in thousands of $)	**2015 Fair Value**	**2015 Carrying Value**	2014 Fair Value	2014 Carrying Value
Financial assets:				
Cash and cash equivalents	**4,341**	**4,341**	4,502	4,502
Restricted cash and investments	—	—	41,144	41,144
Financial liabilities:				
8.04% First Preferred Mortgage Term Notes	**—**	**—**	33,143	36,655

The estimated fair values of financial assets and liabilities areas follows:

(in thousands of $)	**2015 Fair Value**	Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	**4,341**	4,341	—	—

(in thousands of $)	**2014 Fair Value**	Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	**4,502**	4,502	—	—
Restricted cash and investments	**41,144**	41,144	—	—
Financial liabilities:				
8.04% First Preferred Mortgage Term Notes	**33,143**	—	33,143	—

The following methods and assumptions were used to estimate the fair value of each class of financial instrument;

Cash and cash equivalents - the carrying values in the balance sheet approximate their fair value.

Restricted cash and investments - the carrying value in the balance sheet approximate their fair value.

8.04% First Preferred Mortgage Term Notes - the estimated fair value is based on the market price achieved in the last significant trading of the Notes (Level 2 per ASC Topic 820).

Concentrations of risk

There is a concentration of credit risk with respect to restricted cash, restricted investments and restricted deposits with the head lease support banks to the extent that substantially all of the amounts are carried with Bank of New York Mellon and Nordea Bank Norge ASA.

All of the vessels' gross earnings are receivable in U.S. dollars. In 2015, no customers (2014: four, 2013: two) accounted for 10 percent or more of freight revenues.

13. SHARE CAPITAL

Authorized share capital:

(in thousands of $, except for share data)	**2015**	2014
20,000,000,000 ordinary shares of $0.01 each	**200,000**	200,000

Issued share capital:

(in thousands of $, except for share data)	**2015**	2014
74,825,166 ordinary shares of $0.01 each	**748**	748

14. RELATED PARTY TRANSACTIONS

We transact business with Frontline, our ultimate majority shareholder, and SeaTeam Management Pte. Limited ("Seateam"), a majority owned subsidiary of Frontline. CalPetro Tankers (Bahamas I) Limited, CalPetro Tankers (Bahamas II) Limited and CalPetro Tankers (IOM) Limited were related parties up to October 1, 2014 and were then consolidated from that date.

On July 15, 2014, several of the subsidiaries and related entities in the Windsor group, which owned four VLCCs, filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court in Wilmington, Delaware. The Company had been consolidating the Windsor group under the variable interest entity model and de-consolidated the group on July 15, 2014 as it lost control of the group as a consequence of the Chapter 11 filing. The Windsor group emerged from Chapter 11 in January 2015 at which time all of the debt in the Windsor group was converted into equity and ownership was transferred to the then current bondholders.

The amount due from related parties at December 31, 2014 was owed by SeaTeam, the technical manager for the Golden State vessels up to their sale and the Windsor vessels up to July 15, 2014, and relates to advance payments made with respect to technical management expenses.

A summary of short term balances due to related parties as at December 31, 2015 and 2014 is as follows:

(in thousands of $)	**2015**	2014
Frontline	**6,465**	6,292
Windsor group	—	5,840
	6,465	12,132

The Company has recorded expenses with related parties as follows:

(in thousands of $)	**2015**	2014	2013
Management fee expense - Frontline	—	278	408
Loan interest expense - Frontline	**143**	147	515
Technical management fee expense - SeaTeam	**13**	556	643

In December 2011, Frontline provided a loan of $30.6 million at an interest rate of 3% above LIBOR. This loan was initially repayable in June 2013 and was extended by one year to June 2014. During 2013, the Company paid $27.0 million to Frontline. The loan was further extended from June 2014 to June 2015. In June 2015, the loan was extended to September 30, 2016. Included within the $6.5 million balance owed to Frontline at December 31, 2015 are recharged administrative expenses and accrued interest.

15. SUBSEQUENT EVENTS

Calpetro Tankers (Bahamas I) Limited, Calpetro Tankers (Bahamas II) Limited and Calpetro Tankers (Bahamas III) Limited were dissolved on April 14, 2016.

In June 2016, the Company paid $3.9 million to Frontline comprising loan principal and interest of $3.6 million and $0.3 million, respectively.

In September 2016, Frontline extended the maturity of its loan to the Company by one year to September 30, 2017.