Evergas Management A/S

Kalvebod Brygge 39-41
DK 1560 Copenhagen
CVR No. 28 28 90 81

Annual report

for the year ended 31 December 2017

Approved at the annual general meeting of shareholders
on 18 June 2018

……………………………………………..…….
Pia Lindberg

Contents

Company details

Evergas Management A/S
Kalvebod Brygge 39-41
DK – 1560 Copenhagen
CVR No. 28 28 90 81

Board of Directors

Jacques Marie Joseph Narcisse d'Armand de Chateauvieux (chairman)
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Steffen Ulrik Jacobsen

Executive board
Steffen Ulrik Jacobsen (CEO)

Shareholders holding 5% or more of the share capital or the voting rights

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Kalvebod Brygge 39-41
DK - 1560 Copenhagen
CVR no. 33 24 15 85

The consolidated financial statements of Evergas is available at the company's address.

Auditors
Deloitte
Statsautoriseret Revisorpartnerselskab
Weidekampsgade 6
DK – 2300 København S

Statement by Executive board and Board of Directors on the annual report

Today, Executive board and Board of Directors have discussed and approved the annual report of Evergas Management A/S for the financial year 1 January – 31 December 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operation.

In our opinion, the management's review includes a fair review of the matters dealt with in the management's review.

We recommend that the annual report is approved by the annual general meeting of shareholders.

Copenhagen 18 June 2018

Executive board:

……………………………………………
Steffen Ulrik Jacobsen

Board of Directors:

……………………………………………	……………………………………………	……………………………………………
Jacques Marie Joseph Narcisse d'Armand de Chateauvieux (chairman)	Christian Franck Lefevre	Steffen Ulrik Jacobsen

Independent auditors' report

To the shareholders of Evergas Management A/S

Opinion

We have audited the financial statements of Evergas Management A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 Entity'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 in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 management commentary and, in doing so, consider whether the management commentary is **materially inconsistent** with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 18 June 2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Kim Takata Mücke
State-Authorised
Public Accountant
MNE no 10944

Management's review

Business activities and mission

The objectives of the company are to carry on shipping business or other activities at home and abroad, which are in connection with shipping business as well as other transportation business and investment in companies of mentioned nature and any other business activities, which in the opinion of the board of directors are related hereto.

The company's main activity is management of gas tankers.

Business review

The Company's result for 2017 is a profit of USD 116,065 and the Company's balance sheet at 31 December 2017 shows an equity of USD 918,080.

Going concern assessment

For a description of the going concern assessment at 31 December 2017, refer to note 1.

Subsequent events

There were no events subsequent to the balance sheet date, which would require adjustments to or disclosures in the company's financial statements apart from what is included in note 1.

Accounting policies

The annual report of **Error! Reference source not found.** has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in USD, based on bookkeeping records maintained in USD. The financial statements are presented in USD to match the functional currency of the company, which is also USD. The exchange rate between USD/DKK per 31 December 2017 was 6.21 against 7.05 per 31 December 2016.

Foreign currency retranslation

Transactions denominated in foreign currencies are translated into USD at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into USD at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

Income statement

Revenue

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total service agreed to be provided.

Staff expenses

Staff expenses include wages and salaries, social security costs, pensions etc.

Other external expenses

Other external expenses include expenses related to sale, administration, etc.

Accounting policies - continued

Amortization/depreciation and write-downs

Amortization/depreciation include amortization, depreciation and write-downs of property, plant and equipment. Fixed assets are depreciated on a straight-line basis to the residual value, measured by reference to the assessment of the useful lives. Residual value for the office equipment is estimated to nil.

	<u>**Useful life**</u>
Office equipment	3 - 5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains or losses on the sale of fixed assets are recognized in the income statement under 'Other income/Other expenses'.

Net Financials

Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period.

Net financials include interest income and expenses, realized and unrealized capital and exchange gains and losses on securities and foreign currency transactions, amortization of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the year that relates to changes in equity.

Current and deferred taxes related to items recognized directly in equity are taken directly to equity.

The parent and all Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method).

The parent acts as a management company for all the companies encompassed by the joint taxation arrangement, meaning that the parent is responsible for ensuring that taxes, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are, at a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a minimum, a surcharge according to the management company.

Accounting policies – continued

Balance sheet

Property, plant and equipment

Property, plant and equipment comprise of office equipment, which is measured at cost to the residual value less accumulated depreciation and write-downs.

An impairment test is prepared for property, plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Receivables

Trade receivables, etc., are measured at the lower of amortized cost and net realizable value, based on an assessment of the individual receivable.

Prepayment

Prepayments recognized under 'assets' comprise prepaid expenses regarding subsequent reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

Equity

Dividends proposed for the reporting period are presented as a separate item under ´Equity´.

Income taxes

Current tax charges are recognized in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior year's taxable income and tax paid in advance.

Provisions for deferred tax are calculated at 22% of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax assets are recognized at the value at which they are expected to be utilized either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Other payables

Other payables are measured to amortized cost.

Income statement
1 January - 31 December

	Notes	2017 USD	2016 USD
Revenue	1	5,468,034	5,539,159
Other external expenses		(1,854,825)	(1,878,804)
Gross profit		**3,613,209**	**3,660,355**
Employee benefit expenses	2	(3,383,522)	(3,514,845)
Amortization/depreciation and impairment of fixed assets	6	(808)	(232)
Profit before net financials		**228,879**	**145,278**
Other financial income	3		19,025
Other financial expenses	4	(70,976)	(2,587)
Profit before tax		**157,903**	**161,716**
Tax for the year	5	(41,838)	(75,408)
Net profit for the year		**116,065**	**86,308**

Which the supervisory board recommends is carried forward to next year.

Appropriation of profit		
Profit to be appropriated:		
Retained earnings	712,531	626,223
Net profit for the year	116,065	86,308
Available for appropriation	**828,596**	**712,531**
The supervisory board recommends the following appropriation		
Retained earnings	828,596	712,531
Total appropriation	**828,596**	**712,531**

Balance sheet
at 31 December

	Notes	2017 USD	2016 USD
Assets			
Fixed assets			
Office equipment	6	62,600	63,407
Property, plant and equipment		**62,600**	**63,407**
Total fixed assets		**62,600**	**63,407**
Current assets			
Receivables from group enterprises		2,425,309	813,803
Deferred tax asset	7	0	0
Other receivables		1,410,254	734,549
Prepayments		11,730	0
Receivables		**3,847,293**	**1,548,352**
Cash and cash equivalents		**777,286**	**223,139**
Total current assets		**4,624,579**	**1,771,491**
Total assets		**4,687,179**	**1,834,898**

Balance sheet
at 31 December

	Notes	2017 USD	2016 USD
Equity and liabilities			
Equity			
Share capital		89,484	89,484
Retained earnings		828,596	712,531
Total equity		**918,080**	**802,015**
Liabilities			
Trade payables		51,676	59,200
Payables to group enterprises		2,658,551	35
Other payables		1,058,872	973,648
Short-term liabilities		**3,769,099**	**1,032,883**
Total liabilities		**3,769,099**	**1,032,883**
Total equity and liabilities		**4,687,179**	**1,834,898**
Security for loans	7		
Contingents liabilities and Other financial obligations	8		

Statement of changes in equity

	2017 USD	2016 USD
Share capital		
Balance at 1/1	89,484	89,484
Balance at 31/12	**89,484**	**89,484**
Retained earnings		
Balance at 1/1	712,531	626,223
Transfer for year	116,065	86,308
Balance at 31/12	**828,596**	**712,531**
Equity at 31/12	**918,080**	**802,015**

The company's share capital, USD 89,484, nominal amount of DKK 500,000 consist of 500,000 shares of DKK 1.

Share capital paid in at the company's inception 23 November 2004 was USD 89,484, nominal amount of DKK 500,000.

Notes

Note 1. Going concern

The Company is part of the Greenship Gas Trust Group and is dependent on the Group for business and financing purposes. Accordingly, the financial situation of the Greenship Gas Trust Group is key for the Company's own going concern assessment.

Other entities in the Greenship Gas Trust Group breached certain financial covenants at 31 December 2017, and was in situation of default and cross-default on all of its loans at the end of the reporting period. Therefore, the Group requested a waiver from the lenders, which as of today still has not been received. We have until now received positive feedback from almost all lenders about getting the waiver.

In 2018, all instalments have been paid according to agreement. As of the date approving these financial statements, the no lender has started any default procedures and it is not expected that any such default procedures will be initiated.

Due to the cross-default of bank debt triggered by events of default and cross-default of provisions in loan agreements by other entities in the Greenship Gas Trust Group, the lenders are unconditionally and contractually entitled to request immediate repayment of the outstanding bank debt at 31 December 2017.

To test the going concern assumption, Management has assessed and concluded that if the Company was to accelerate disposal of its assets, the realistic proceeds from such accelerated disposals would be adequate to ensure full payment of all creditors.

Cash flow forecast has been prepared for 2018, which shows that the Company has sufficient liquidity to pay creditors as they fall due.

Based on the above it has been considered appropriate that these financial statements for the twelve months period ending 31 December 2017 have been prepared on a going concern basis.

	2017 **USD**	**2016** **USD**
Note 2. Employee benefit expenses		
Analyses of staff costs:		
Wages and salaries	2,811,670	2,966,141
Pension costs	393,492	357,319
Other social security costs	25,090	24,858
Other staff costs	153,271	166,526
	3,383,524	3,514,844
Average number of employees	23	24
Note 3. Other financial income		
Other financial income	0	19,025
	0	19,025

Notes - continued

Note 4. Other financial expenses

	2017 USD	2016 USD
Other financial expenses	70,976	2,587
	70,976	2,587

Note 5. Tax for the year

	2017 USD	2016 USD
Adjustment to previous years income tax	41,838	75,408
	41,838	75,408

Note 6. Office equipment

	USD
Cost	
Balance at 1/1	67,005
Additions in the year	0
Disposals in the year	0
Cost at 31/12	**67,005**
Depreciation and write-downs	
Balance at 1/1	(3,598)
Depreciation in the year	(808)
Disposals in the year	0
Depreciation and write-downs at 31/12	**(4,405)**
Carrying amount at 31/12	**62,600**

Scrap value of office equipment is USD 0.

Note 7. Security for loans

The Company has at 31 December 2017 no security for loans.

Note 8. Contingent liabilities and other financial obligations

The Company has entered into respectively rent leases, operating leases and agreements regarding sales of services.

The Company's obligations are:

	2017 USD	2016 USD
Falling due within 1 year	321,117	235,882
Falling due between 1 and 5 years	1,049,195	47,105
	1,370,312	282,987

Notes - continued

Note 9. Jointly taxation

The Company is jointly taxed with its parent, Evergas A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Note 10. Related parties

Related parties includes the parent company Evergas A/S, Kalvebod Brygge 39-41, Copenhagen DK-1560, which holds the majority of the share capital in the Company.

The consolidated financial statements of Evergas A/S are available at the Company's address: Kalvebod Brygge 39-41, Copenhagen DK-1560.