




## 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 2016  
(12 months)  
13<sup>th</sup> financial year

Approved at the annual general meeting of shareholders  
on 30 June 2017

  
.....  
Pia Lindberg

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## **Company details**

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

[www.evergas.net](http://www.evergas.net)

### ***Board of Directors***

Jacques Marie Joseph Narcisse d'Armand de Chateauvieux (chairman)  
Philippe René Georges Rochet  
Steffen Jacobsen

### ***Executive board***

Steffen Jacobsen

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

Evergas A/S  
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***

Ernst & Young  
Godkendt Revisionspartnerselskab  
Osvold Helmuths Vej 4  
DK – 2000 Frederiksberg

### ***Bankers***

Nordea Bank ASA

## Statement by management on the annual report

Today, management has discussed and approved the annual report of Evergas Management A/S for the financial year 1 January – 31 December 2016.

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 2016 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 30 June 2017

Executive board:

.....  
Steffen Jacobsen

Board of Directors:

.....  
Jacques Marie Joseph Narcisse  
d'Armand de Chateauvieux  
(chairman)

.....  
Philippe René Georges Rochet

.....  
Steffen 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 1 January – 31 December 2016, which comprise, accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial 1 January – 31 December 2016 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and 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 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 in preparing the financial statements 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 state**

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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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.

## Independent auditor's report

- ▶ 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 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 conclusion is 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 contents of the financial statements, including the disclosures, 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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 June 2017

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Jens Thordahl Nøhr  
State Authorized Public Accountant

Peter Andersen  
State Authorized Public Accountant

## **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.

The Company's functional currency and presentation currency is USD.

### **Business review**

The Company's result for 2016 is a profit of USD 86,308 and the Company's balance sheet at 31 December 2016 shows an equity of USD 802,015.

### **Going concern assessment**

For a description of the going concern assessment at 31 December 2016, 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 Evergas Management A/S 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.

### **Changes to presentation and disclosures only**

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies the following changes in the recognition and measurement:

In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's vessels. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

None of the above changes affects the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above changes presentation and disclosure requirements which follow from act no. 738 of 1 June 2015, the accounting policies 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.

### **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. The exchange rate between USD/DKK per 31 December 2016 was 7.05 against 6.83 per 31 December 2015.

## **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 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.

#### Useful life

Office equipment	3 - 5 years
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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, which, essentially, corresponds to the fair value.

## Income statement

1 January - 31 December 2016

	Notes	2016 USD	2015 USD
Revenue	1	5,539,159	5,773,978
Other external expenses		<u>(1,878,804)</u>	<u>(2,217,097)</u>
<b>Gross margin</b>		<b>3,660,355</b>	<b>3,556,881</b>
Employee benefit expenses	2	(3,514,845)	(3,351,053)
Amortisation/depreciation and impairment of fixed assets		<u>(232)</u>	<u>(8,669)</u>
<b>Profit before net financials</b>		<b>145,278</b>	<b>197,159</b>
Other financial income	3	19,025	98,451
Other financial expenses	4	<u>(2,587)</u>	<u>(12,074)</u>
<b>Profit before tax</b>		161,716	<b>283,536</b>
Tax for the year	5	<u>(75,408)</u>	<u>(90,115)</u>
<b>Net profit for the year</b>		<b><u>86,308</u></b>	<b><u>193,421</u></b>

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

### Appropriation of profit

Profit to be appropriated:

Retained earnings	626,223	432,802
Net profit for the year	<u>86,308</u>	<u>193,421</u>
<b>Available for appropriation</b>	<b><u>712,531</u></b>	<b><u>626,223</u></b>

### The supervisory board recommends the following appropriation

Retained earnings	<u>712,531</u>	<u>626,223</u>
<b>Total appropriation</b>	<b><u>712,531</u></b>	<b><u>626,223</u></b>

**Balance sheet  
at 31 December**

	Notes	2016 USD	2015 USD
<b>Assets</b>			
<b>Fixed assets</b>			
Office equipment	6	<u>63,407</u>	<u>63,639</u>
<b>Property, plant and equipment</b>		<u><b>63,407</b></u>	<u><b>63,639</b></u>
<b>Total fixed assets</b>		<u><b>63,407</b></u>	<u><b>63,639</b></u>
<b>Current assets</b>			
Receivables from group enterprises		813,803	945,065
Deferred tax asset	7	0	0
Other receivables		<u>734,549</u>	<u>695,314</u>
<b>Receivables</b>		<u><b>1,548,352</b></u>	<u><b>1,640,379</b></u>
<b>Cash and cash equivalents</b>		<u><b>223,139</b></u>	<u><b>572,599</b></u>
<b>Total current assets</b>		<u><b>1,771,491</b></u>	<u><b>2,212,978</b></u>
<b>Total assets</b>		<u><u><b>1,834,898</b></u></u>	<u><u><b>2,276,617</b></u></u>

**Balance sheet**  
at 31 December

	Notes	2016 USD	2015 USD
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		89,484	89,484
Retained earnings		<u>712,531</u>	<u>626,223</u>
<b>Total equity</b>		<u><b>802,015</b></u>	<u><b>715,707</b></u>
<b>Liabilities</b>			
Trade payables		59,200	615,348
Payables to group enterprises		35	20,277
Other payables		<u>973,648</u>	<u>925,285</u>
<b>Short-term liabilities</b>		<u><b>1,032,883</b></u>	<u><b>1,560,910</b></u>
<b>Total liabilities</b>		<u><b>1,032,883</b></u>	<u><b>1,560,910</b></u>
<b>Total equity and liabilities</b>		<u><u><b>1,834,898</b></u></u>	<u><u><b>2,276,617</b></u></u>
Security for loans	8		
Contingents assets and liabilities and Other financial obligations	9		

## Statement of changes in equity

	2016 USD	2015 USD
<b>Share capital</b>		
Balance at 1/1	89,484	89,484
Capital increase	<u>0</u>	<u>0</u>
Balance at 31/12	<u><b>89,484</b></u>	<u><b>89,484</b></u>
<b>Retained earnings</b>		
Balance at 1/1	626,223	432,802
Transfer in the year	<u>86,308</u>	<u>193,421</u>
Balance at 31/12	<u><b>712,531</b></u>	<u><b>626,223</b></u>
<b>Equity at 31/12</b>	<u><b>802,015</b></u>	<u><b>715,707</b></u>

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.

Following non-compliance with loan covenants at the end of 2016 by other entities in the Greenship Gas Trust Group and the negative financial results for 2016, on 30 March 2017 the Greenship Gas Trust Group entered into a new Framework Agreement and Mezzanine Facility Agreement with the majority of the Group's existing external lenders. Under the agreements, the lenders have agreed to waive the existing defaults as at 31 December 2016. The agreements include certain new financial covenants at the Greenship Gas Trust Group level.

It is Management's overall assessment that the new Framework Agreement and Mezzanine Facility Agreement entered into will secure both the Greenship Gas Trust Group's and the Company's liquidity for the short and medium term, however due to the currently weak LEG market, compliance with certain financial covenants during 2017 may be challenging.

In light of the stable and positive short- and long-term cash flow from the Greenship Gas Trust Group's LNG fleet going forward, the recently signed Framework Agreement and Mezzanine Facility Agreement and Management's expectations related to the whole Group's forecast net profit for 2017 and increasing net cash flows from operating activities during 2017, Management believes that the Company will have sufficient cash resources to satisfy their working capital requirements for at least the following twelve months.

Accordingly, Management considers it appropriate that these financial statements for the twelve months period ending 31 December 2016 have been prepared on a going concern basis.

	2016 USD	2015 USD
<b>Note 2. Employee benefit expenses</b>		
Analyses of staff costs:		
Wages and salaries	2,966,141	2,854,469
Pension costs	357,319	259,617
Other social security costs	24,858	22,859
Other staff costs	<u>166,526</u>	<u>214,108</u>
	<u>3,514,844</u>	<u>3,351,053</u>
Average number of employees	<u>24</u>	<u>19</u>
<b>Note 3. Other financial income</b>		
Other financial income	<u>19,025</u>	<u>98,451</u>
	<u>19,025</u>	<u>98,451</u>
<b>Note 4. Other financial expenses</b>		
Other financial expenses	<u>2,587</u>	<u>12,074</u>
	<u>2,587</u>	<u>12,074</u>

## Notes - continued

	2016 USD	2015 USD
<b>Note 5. Tax for the year</b>		
Estimated income tax charge, excl. interest surcharges	0	0
Correction to previous years income tax	75,408	89,395
Changes of deferred tax amounts in the year	<u>0</u>	<u>720</u>
	<u>75,408</u>	<u>90,115</u>

## Note 6. Office equipment

	Office equipment USD
<b>Cost</b>	
Balance at 1/1	86,043
Additions in the year	0
Disposals in the year	<u>0</u>
<b>Cost at 31/12</b>	<b><u>86,043</u></b>
<b>Depreciation and write-downs</b>	
Balance at 1/1	(22,404)
Depreciation in the year	(232)
Disposals in the year	<u>0</u>
<b>Depreciation and write-downs at 31/12</b>	<b><u>(22,636)</u></b>
<b>Carrying amount at 31/12</b>	<b><u>63,407</u></b>

Scrap value of office equipment is USD 0.

## Note 7. Deferred tax asset

Balance at 1/1	0	720
Changes of deferred tax amounts in the year	<u>0</u>	<u>(720)</u>
	<u>0</u>	<u>0</u>

## Note 8. Security for loans

The Company has at 31 December 2016 no security for loans.

## Note 9. Contingent assets and 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:

	2016 USD	2015 USD
Falling due within 1 year	235,882	240,546
Falling due between 1 and 5 years	<u>47,105</u>	<u>259,553</u>
	<u>282,987</u>	<u>500,099</u>



## **Notes - continued**

### **Note 10. 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 11. 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.