

Team Tankers Management A/S

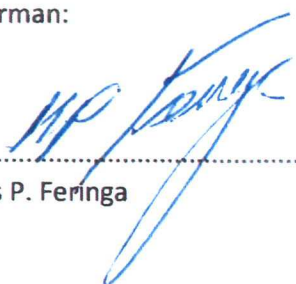
Strandvejen 58
DK-2900 Hellerup

CVR no. # 29 68 75 95

Annual report 2017

Approved at the Company's annual general meeting on June 1, 2018

Chairman:



.....
Hans P. Feringa

Contents

Management's review	2
Independent auditor's report	3
Management's review	5
Financial highlights	5
Management commentary	6
Financial statements 1 January – 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	10
Notes	11

Management's review

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Team Tankers Management A/S for the financial year 1 January – 31 December 17.

The annual report has been 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 its operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of its operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

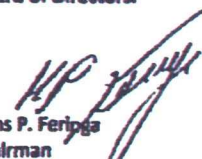
June 1, 2018

Executive Board:



Malene Hald Pedersen

Board of Directors:



Hans P. Ferrega
Chairman



Morten Amtzen



Kevin M. Kilcullen

Independent auditor's report

To the shareholders of Team Tankers Management A/S

Opinion

We have audited the financial statements of Team Tankers Management A/S for the financial year 1 January – 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity 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 financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 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 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 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 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, June 1, 2018

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Peter Andersen
State Authorised
Public Accountant
MNE no.: mne34313

Management's review

Financial highlights

In USD thousands, except for per share data	2017	2016	2015	2014	2013
---------------------------------------------	------	------	------	------	------

Key figures

Revenue	6.914	12.081	15.867	19.604	18.559
Ordinary operating profit/loss	4.285	4.292	7.010	7.537	6.947
Profit/loss from financial income and expenses	-0.651	-1.577	-1.172	-1.831	2
Profit for the year	-0.480	-1.742	27.308	269	-4.127

Non-current assets	0.596	1.663	1.003	3.362	11.941
Current assets	5.844	6.675	7.373	20.538	7.319
Total assets	6.440	8.338	8.376	23.899	19.260
Equity	3.364	3.844	5.586	5.224	4.955
Non-current liabilities	-	-	-	9.558	9.911
Current liabilities	3.077	4.495	2.751	9.117	4.395

Financial ratios

Profit margin (%)	-7	-14	172	1	-22
Current ratio (%)	2	2	3	2	2
Equity ratio (%)	52	46	67	22	26
Return on equity (%)	-13	-37	505	5	-59

Average number of full-time employees	36	36	39	40	38
---------------------------------------	----	----	----	----	----

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios ". For terms and definitions, please see the accounting policies.

Management's review

Management commentary

Business review

Team Tankers Management A/S (the "Company") is primarily a management company with no direct or indirect ownership of ships. The Company is a wholly owned subsidiary of Team Tankers Management Holding AS registered in Norway, which is a direct subsidiary of Team Tankers International Ltd. The Company's most important activity is to provide chemical tanker commercial management services to subsidiaries of the Team Tankers International Group (the "Group").

Financial review

In 2017, there was no vessel revenue or vessel activity as compared to prior years. The bareboat agreement for the vessel Sichem Singapore was terminated effective January 1, 2017. Commercial management services were performed by the Company and billed to the Group. Expenses of the Company include office salaries and benefits, rent, depreciation and general office expenses. The result in 2017 was a net loss in the amount of USD 0.5 million compared to a net loss of USD 1.7 million in 2016.

Equity on the Balance Sheet at 31 December 2017 was USD 3.4 million as compared to 3.8 million in 2016.

In 2016, Team Tankers Shipping (Singapore) Pte. Ltd., a subsidiary of the Company was liquidated/stricken off and shares in DK Skibskredit classified as a financial asset were sold for USD 0.8 million.

Management expects, based on the financial position, budget and strategic plans, that the company's capital resources are appropriate for the continued operation of the company.

Special risks

Business risks

The Company's earnings are dependent on developments in the general freight market.

Financial risks

Currency risks

The Company's earnings and balance sheet items are mainly in USD. Some of the earnings are in EUR and most of the company's administrative costs are in DKK. The Company's result is therefore dependent on the development in the price between EUR and USD, as well as developments between DKK and USD.

Knowledge resources

The company's business consists of providing management services for chemical tanker owners. In connection with the company's operation, the company places special demands on knowledge resources, including general knowledge of shipping, special conditions that characterize chemical tankers, including chartering, operations, technology, processes and legal.

Environmental aspects

The company's activities on land do not pollute the external environment. The company's maritime business is carried out according to the national and international conventions and rules under which the company is subject. Team Tankers International closely follows developments in all environmental regulations and will continue to comply with and / or exceed all legislation and follow best practice to minimize the company's impact on the environment.

Events after the balance sheet date

There are no additional events, other than those disclosed above which has occurred after the financial year, which could significantly affect the assessment of the company's financial position.

Financial statements 1 January – 31 December

Income statement

Note	USD'000	2017	2016
	Revenue	6.914	12.081
	Direct costs	(26)	(4.512)
	Other external expenses	(2.603)	(3.277)
	Gross profit	4.285	4.292
3	Staff costs	(4.767)	(5.725)
	Depreciation	(169)	(144)
	Operating loss	(651)	(1.577)
4	Financial income	190	46
5	Financial expenses	(19)	(211)
	Loss before tax	(480)	(1.742)
	Tax for the year	-	-
	Loss for the year	(480)	(1.742)

Financial statements 1 January – 31 December

Balance sheet

Note	USD'000	2017	2016
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Development projects	556	696
		556	696
7	Property, plant and equipment		
	Vessel and office equipment	40	967
		40	967
	Total non-current assets	596	1.663
	Current assets		
	Inventories	-	82
	Trade receivables	-	763
	Other receivables	251	301
	Receivables from group entities	1.652	1.842
	Prepayments	349	145
		2.253	3.133
	Cash	3.591	3.542
	Total current assets	5.844	6.675
	TOTAL ASSETS	6.440	8.338
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	60	60
	Profit and loss account	3.304	3.784
	Total equity	3.364	3.844
	Current liabilities		
	Prepayments received from customers	-	2
	Trade payables	707	1.450
	Other payables	734	720
	Payables to group entities	1.635	2.322
	Total current liabilities	3.076	4.494
	Total liabilities	3.076	4.494
	TOTAL LIABILITIES AND EQUITY	6.440	8.338

Financial statements 1 January – 31 December

Statement of changes in equity

Note	USD'000	Share capital	Reserve for development costs	Profit and loss account	Dividend proposed for the year	Total
	Equity at 1 January 2016	60	-	5.526	-	5.586
	Dividend distribution	-	-	-	-	-
	Transfer, see "Appropriation of profit/loss"	-	556	(2.298)	-	(1.742)
	Equity at 1 January 2017	60	556	3.228	-	3.844
	Dividend distribution	-	-	-	-	-
	Transfer, see "Appropriation of profit/loss"	-	(139)	(341)	-	(480)
	Equity at 31 December 2017	60	417	2.887	-	3.364

Financial statements 1 January – 31 December

Notes

1 Basis of Presentation

The annual report of Team Tankers Management A/S has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities. In 2016, the Company reported as a medium sized class C entity. This change has a reporting and disclosure impact, but does not have an impact on recognition and measurement principles.

2 Accounting policies

Foreign currencies

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Income Statement

Revenue

Revenues generally include commercial management fees and freight earned from voyage and time charters. Management fee revenue is recognised on a straight-line basis as chartering and ship operating services are performed. Management fees are invoiced and collected quarterly.

Revenue for 2017 does not include freight earned from voyage or time charters since the contract for the vessel, the Sichem Singapore, operating under the Company in 2016 was terminated effective January 1 2017.

For the year 2016, voyage revenue and voyage expenses are recognized on a percentage of completion basis. 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. For 2016, the Company uses a discharge-to-discharge principle in determining the percentage of completion for all spot voyages and voyages under contracts of affreightment (CoAs). Under this method voyage revenue is recognized evenly over the period from the departure of a vessel from its original discharge port to departure from the next discharge port. For vessels without signed contracts in place at discharge no revenue is recognized before a new contract is signed. Voyage expenses incurred for vessels in the idle time are expensed.

Revenues from time charters (T/C) and bareboat charters (BB) accounted for as operating leases are recognized over the rental periods of such charters, as service is performed. Time charter revenue is fixed based on a contractual rate of hire. Voyage expenses related to time charters are expenses of the charterer.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. Financial statements 1 January – 31 December.

Direct costs

Direct costs associated with the operation of a vessel include crew costs, vessel supplies, repairs and maintenance, lubricating oils and insurance.

Financial statements 1 January – 31 December

Notes

2 Accounting policies (continued)

Other external expenses

Other external expenses comprise expenses paid in the year to manage and administer the Company, including expenses related to sales, administration, office premises, and office expenses.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme.

Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Foreign currency translation

The Company's presentation currency is United States Dollars ("USD"). On initial recognition, transactions denominated in foreign currencies other than USD are translated at the exchange rates prevailing at the date of transaction. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Balance Sheet

Development projects

Development projects comprise of external costs and charges directly attributable to the Company's development activities. Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Vessel dry dock

The Company may time charter in vessels. Leases from these time charters would be classified as operating leases and payments would be included in voyage expenses in the Income Statement. Capitalized costs incurred at drydock are amortized on a straightline basis from the completion of the drydock to the estimated date of completion for the next drydocking or until the end of the lease term, whichever is shorter. 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.

Financial statements 1 January – 31 December

Notes

2 Accounting policies (continued)

Office Equipment

Office equipment is measured at cost less accumulated depreciation. Cost comprises the purchase price and any costs directly attributable to the installation until the date when the asset is available for use.

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. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life. Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

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 as a first-in, first-out (FIFO) basis.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments consist of costs paid for future periods and is mainly comprised of vessel insurance premiums.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or if they are no more part of the Company's operations by a transfer directly to distributable reserves under equity.

Financial statements 1 January – 31 December

Notes

2 Accounting policies (continued)

Income tax and deferred tax

Current tax payable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on accounts.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Other liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Profit margin	Profit for the year divided by Revenue
Current ratio	Current assets divided by current liabilities
Equity ratio	Total equity divided by total assets
Return on Equity	Net Profit divided by average equity

USD'000	<u>2017</u>	<u>2016</u>
3 Staff costs		
Wages and salaries	4.035	4.849
Pensions	337	397
Other social security costs	27	38
Other staff costs	368	441
	<u>4.767</u>	<u>5.725</u>
Average number of fulltime employees	<u>29</u>	<u>36</u>

Financial statements 1 January – 31 December

Notes

USD'000	<u>2017</u>	<u>2016</u>
4 Financial income		
Foreign exchange gain	159	-
Other financial income	31	46
	<u>190</u>	<u>46</u>
USD'000	<u>2017</u>	<u>2016</u>
5 Financial expenses		
Foreign exchange losses	-	(147)
Other financial expenses	(19)	(64)
	<u>(19)</u>	<u>(211)</u>
6 Intangible assets		Development projects
USD'000		<u>Development projects</u>
Cost at 1 January 2017		696
Additions		-
Cost at 31 December 2017		<u>696</u>
Amortisation and impairment losses at 1 January 2017		-
Amortisation 2017		(139)
Amortisation and impairment losses at 31 December 2017		<u>(139)</u>
Carrying amount at 31 December 2017		<u>556</u>

Development projects in progress

Development projects include development of software. The related expenses primarily consist of external expenses in the form of consulting costs and expense which are capitalized and recorded on the Company's balance sheet. Amortization on the gross value of USD696 thousand was recorded in 2017 following the completion of the software development project once the asset was placed into service. Management does not expect additional software development costs in 2018.

Financial statements 1 January – 31 December

Notes

7 Property, plant and equipment

USD'000	Office Equipment	Vessel Equipment	Total
Cost at 1 January 2017	736	1.011	1.747
Additions	-	-	-
Transferred/disposal	-	(1.011)	(1.011)
Disposals	-	-	-
Cost at 31 December 2017	736	-	736
Depreciation and impairment losses at 1 January 2017	(666)	(114)	(780)
Impairment losses	-	-	-
Amortisation	(30)	-	(30)
Transferred/disposal	-	114	114
Depreciation and impairment losses at 31 December 2017	(696)	-	(696)
Carrying amount at 31 December 2017	40	-	40
Amortised over	5 years	5 years	

The bareboat agreement for the vessel Sichem Singapore was terminated effective January 1, 2017.

8 Financial assets

Team Tankers Shipping (Singapore) Pte. Ltd., a subsidiary of the Company was liquidated/stricken off in November, 2016.

9 Contractual obligations

The Company is contractually obligated to pay office rent through the end of the lease term 30 June 2019. The remaining lease obligation as of 31 December 2017 is USD5 85 thousand.

Car lease obligations are USD39 thousand and USD 7 thousand for 2017 and 2018, respectively.

10 Share capital

The share capital USD 59.457 comprises 500 shares of DKK 1.000 nominal value each. All shares rank equally. The share capital has remained unchanged for the last 5 years.

Financial statements 1 January – 31 December

Notes

11 Related party

Parties exercising control

Related party	Domicile	Basis for control
Team Tankers Management AS	Norway	Parent company

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Team Tankers International Ltd.	Bermuda	www.teamtankers.com

USD'000

12 Appropriation of profit/loss

Recommended appropriation of profit/loss

	<u>2017</u>	<u>2016</u>
Dividend proposed for the year	-	-
Transferred to reserves under equity	-480	-1.742
	<u>-480</u>	<u>-1.742</u>