BAKER TILLY

Tuco Yacht Værft ApS

Krogsbjergvej 2, 5600 Faaborg

CVR-nr. 32 07 22 91

Annual report forthe period
1. January til 31. December 2016

The annual report was submitted to and approved by the company's annual general meeting on 06/06 2017

Jacob Styrbæk Frost
Chaiman of the meeting

Copenhagen
Poul Bundgaards Vej 1, 1.
2500 Valby

Odense
Hjallesevej 126
5230 Odense M

Contents

Statement by Management on the annual report

The Executive Board has today discussed and approved the annual report of Tuco Yacht Værft ApS for the financial year 1 January - 31 December 2016.

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

In my 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 the Company's operations for the financial year 1 January - 31 December 2016.

In my opinion, Management's review includes a fair review of the matters dealt with in the Management's review

We recommend the adoption of the annual report at the annual general meeting.

Faaborg, 6 June 2017

Executive Board

Jonas Pedersen

Independent auditor's report

To the shareholder of Tuco Yacht Værft ApS

Opinion

We have audited the financial statements of Tuco Yacht Værft ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies, including a summary of significant accounting policies. The financial statements are prepared under 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 operations for the financial year 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 the 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 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 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.

Independent auditor's report

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 judgment 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.

- 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and 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.

Independent auditor's report

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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management's Review.

Odense, 6 June 2017

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
CVR-nr. 35 25 76 91

Jeppe Pedersen
registreret revisor

Company details

The Company	Tuco Yacht Værft ApS Krogsbjergvej 2 5600 Faaborg	
	Tel: Fax: E-mail: Website:	70 20 38 98 62 61 91 46 mail@tuco.dk www.tuco.dk
	CVR no.: Reporting period: Incorporated: Domicile:	32 07 22 91 1 January - 31 December 5. March 2009 Faaborg-Midtfyn
Executive Board	Jonas Pedersen	
Auditors	Baker Tilly Denmark Godkendt Revisionspartnerselskab Hjallesevej 126 5230 Odense M	
Bankers	Danske Bank	

Management's review

Business activities

The company's main activity is to produce and repair boats and vessels as well as to provide sub-contractor work to the maritime industry.

Business review

The Company's income statement for the year ended 31 December shows a profit of DKK 374.433, and the balance sheet at 31 December 2016 showes equity of DKK 1.186.571.

Financial review

Tuco Yacht Værft specialization in lightweight hulls and fast boats for professional users is well supported by latest year's positive trends in the commercial maritime industry for the lightweight segment, The company's development activities and the launch of the ProZero vessel line pursued these trends.

Sales and development of vessels In the ProZero line of fast and easy boats now constitute the major share of the group's revenue.

In 1 quarter 2016, the Tuco Yacht Værft ApS received a grant from the EU Horizon 2020 program for research and development support, totaling approximately 13.8 million Danish kroner over the next 24 months and the company's strategy focusing on the further development of the ProZero range of fast boats for professional users is by this well supported during the coming years.

This as well leads to a significant growth in the company's balance sheet, as these funding's, due to the accounting policies is placed as "Contract work in progress" and under "Deferred income" until the end of the project period, where they are neutralized.

The year has therefore also been influenced by significant development activities, as the group has worked intensively with the launch of the ProZero line of fast boats for professional users. Development activities have resulted in a natural decline in the overhead-contributing activities in Tuco Yacht Værft ApS, which is reflected in the company´s results.

In connection with the company's development activities, the company has received, and in previous financial years completed a project that includes a non-insignificant support from the Danish Market Receipts Fund. This support is also not accounted as income but intended to be accounted as income later as on future depreciation.The group's other activities have all contributed to a generally positive development during the year.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the group's and the parent company's financial position.

Income statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Gross profit		**10.452.278**	**7.665.390**
Staff costs	1	-8.616.010	-6.251.695
Earnings Before Interest Taxes Depreciation and Amortization		**1.836.268**	**1.413.695**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-488.562	-340.535
Profit/loss before financial income and expenses		**1.347.706**	**1.073.160**
Financial income	2	327	15.421
Financial costs	3	-853.902	-500.036
Profit/loss before tax		**494.131**	**588.545**
Tax on profit/loss for the year	4	-119.698	-135.522
Net profit/loss for the year		**374.433**	**453.023**
Retained earnings		374.433	453.023
		374.433	**453.023**

Balance sheet 31 December

	Note	2016 DKK	2015 DKK
Assets			
Completed development projects		1.710.292	940.390
Goodwill		0	0
Intangible assets	5	**1.710.292**	**940.390**
Plant and machinery		1.868.060	2.072.697
Other fixtures and fittings, tools and equipment		1.520	6.080
Ships		0	4.874.088
Leasehold improvements		51.937	59.928
Tangible assets	6	**1.921.517**	**7.012.793**
Fixed assets total		**3.631.809**	**7.953.183**
Raw materials and consumables		1.190.851	1.130.851
Work in progress		0	1.516.989
Finished goods and goods for resale		4.397.673	2.057.345
Stocks		**5.588.524**	**4.705.185**
Trade receivables		4.753.958	917.273
Contract work in progress	7	8.247.660	239.031
Receivables from subsidiaries		573.885	140.616
Other receivables		330.899	332.064
Corporation tax		189.721	0
Prepayments		24.367	56.521
Receivables		**14.120.490**	**1.685.505**
Cash at bank and in hand		**27.927**	**34.188**
Currents assets total		**19.736.941**	**6.424.878**
Assets total		**23.368.750**	**14.378.061**

Balance sheet 31 December

	Note	2016 DKK	2015 DKK
Liabilities and equity			
Share capital		125.000	125.000
Retained earnings		1.061.571	687.137
Total equity		**1.186.571**	**812.137**
Provision for deferred tax		452.519	143.100
Total provisions		**452.519**	**143.100**
Banks		1.714.200	2.142.800
Long-term debt	8	**1.714.200**	**2.142.800**
Short-term part of lon-term debt	8	428.600	428.600
Banks		2.364.576	2.042.493
Prepayments received from customers		3.332.085	0
Trade payables		4.402.584	2.117.343
Prepayments received recognised in debt	7	469.786	732.239
Payables to subsidiaries		3.308.579	2.350.025
Payables to associates		31.702	0
Corporation tax		0	363.780
Other payables		975.916	660.919
Deferred income	9	4.701.632	2.584.625
Short-term debt		**20.015.460**	**11.280.024**
Total liabilities other than provisions		**21.729.660**	**13.422.824**
Total equity liabilities		**23.368.750**	**14.378.061**

	Note
Rental agreements and lease commitments	10
Contingent assets, liabilities and other financial obligations	11
Charges and securities	12
Related parties and ownership	13

Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	125.000	687.138	812.138
Net profit/loss for the year	0	374.433	374.433
Equity at 31 December	**125.000**	**1.061.571**	**1.186.571**

Notes to the Annual Report

		2016 DKK	2015 DKK
1	**Staff costs**		
	Wages and salaries	7.224.993	5.218.572
	Pensions	908.165	646.842
	Other social security costs	188.998	201.815
	Other staff costs	293.854	184.466
		8.616.010	**6.251.695**
	Average number of employees	19	16
2	**Financial income**		
	Other financial income	327	15.421
		327	**15.421**
3	**Financial costs**		
	Interest paid to subsidiaries	119.776	82.199
	Other financial costs	734.126	417.837
		853.902	**500.036**
4	**Tax on profit/loss for the year**		
	Current tax for the year	-189.721	363.780
	Deferred tax for the year	309.419	-228.258
		119.698	**135.522**

Notes to the Annual Report

5 Intangible assets

	Completed development projects	Goodwill
	DKK	DKK
Cost at 1 January	1.075.783	25.000
Additions for the year	1.041.275	0
Cost at 31 December	2.117.058	25.000
Revaluations at 31 December	0	0
Impairment losses and amortisation at 1 January	135.392	25.000
Depreciation for the year	271.374	0
Impairment losses and amortisation at 31 December	406.766	25.000
Carrying amount at 31 December	**1.710.292**	**0**

6 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Ships	Leasehold improvements
	DKK	DKK	DKK	DKK
Cost at 1 January	2.458.557	60.043	4.874.088	79.905
Additions for the year	0	0	236.744	0
Transfers for the year	0	0	-5.110.832	0
Cost at 31 December	2.458.557	60.043	0	79.905
Impairment losses and depreciation at 1 January	385.860	53.963	0	19.977
Depreciation for the year	204.637	4.560	0	7.991
Impairment losses and depreciation at 31 December	590.497	58.523	0	27.968
Carrying amount at 31 December	**1.868.060**	**1.520**	**0**	**51.937**

Notes to the Annual Report

		2016	2015
		DKK	DKK
7	**Contract work in progress**		
	Work in progress, selling price	13.466.086	1.626.399
	Work in progress, payments received on account	-5.688.212	-2.119.607
		7.777.874	**-493.208**
	Recognised in the balance sheet as follows:		
	Contract work in progress recognised in assets	8.247.660	239.031
	Prepayments received recognised in debt	-469.786	-732.239
		7.777.874	**-493.208**

8 Long term debt

	Debt at 1 January	Debt at 31 December	Payment within 1 year	Debt after 5 years
	DKK	DKK	DKK	DKK
Banks	2.571.400	2.142.800	428.600	0
	2.571.400	**2.142.800**	**428.600**	**0**

The Bank has an unlimited right in accordance to the loanagreement to claim the loan repaid without any further notice.

9 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

		2016	2015
		DKK	DKK
10	**Rental agreements and lease commitments**		
	Assignment obligation regarding operating leases. Expected residual values on expiry of leases.	31.000	31.000

Notes to the Annual Report

11 Contingent assets, liabilities and other financial obligations

The company has issued performance and advance payment gurantees of DKK 11.847.709 regarding third party relation. In regard to the gurantees the company has as a security issued loss gurantees in connection with EKF limited between 50 % - 80 % of the gurantee.

The company is jointly taxed with with Danish Companies, with Tuco Group ApS as the administration company. The company are therefore held liable under the Corporation Tax Act rules accordingly for any obligation to withhold tax on interest, royalties and dividends for the jointly taxed companies.

12 Charges and securities

As security regarding a bankloan TDKK 2.571, the company has issued a loss gurantee in connection with EKF limited to 70 % of the loandebt.

As security for the engagement with the bank the bank are secured for their engagements, by floating charge in the companys assets in the amount of DKK 5.000.000 and by a chattel mortgage in certain fixed assets limited to DKK 500.000.

The floating charge are also used as security in relation to the bank engagement in Tuco Group ApS' and Tuco Composites ApS'.

The company has made an ulimited self-confidential gurantee regarding the bank engagement in Tuco Group ApS.

Notes to the Annual Report

13 Related parties and ownership

Ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Tuco Group ApS

Accounting policies

The annual report of Tuco Yacht Værft ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities.

The accounting policies applied are consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

Revenue

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Accounting policies

Revenue from services, comprising service contracts and extended warranties relating to products and contracts sold, is recognised on a straight-line basis as the services are provided.

Revenue from customised products is recognised as the production is carried out, implying that revenue corresponds to the selling price of contracts completed in the year (percentage-of-completion method). This method is applied where the total revenue and expenses relating to the contract and the stage of completion at the balance sheet date can be estimated reliably and it is probable that future economic benefits will flow to the Company.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised at the costs incurred insofar as they are likely to be recovered.

Expenses for raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and property, plant and equipment.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Other external costs also comprise research and development costs that do not qualify for capitalisation.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Accounting policies

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed to be 5 years. The amortisation period is based on an assessment of the acquiree's market position and earnings capacity.

Tangible assets

Items of Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Plant and machinery	5-15	years
Other fixtures and fittings, tools and epuipment	5-10	years
Leasehold improvements	10	years

Accounting policies

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Stocks

Stocks are measured using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured based on the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be reliably determined, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Accounting policies

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Income tax and deffered tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

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. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalised residual finance lease commitment.

Accounting policies

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income comprises payments received concerning income in subsequent reporting years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

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