Evergas A/S

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

Annual report

for the year ended 31 December 2018

Approved at the annual general meeting of shareholders,
on 18 June 2019

……………………………………………….………
Pia Lindberg

Contents

Company details

Evergas A/S
Kalvebod Brygge 39-41
DK - 1560 Copenhagen
CVR No. 33 24 15 85
www.evergas.net

Board of Directors
Jacques Marie Joseph Narcisse d'Armand de Chateauvieux (Chairman)
Christian Franck Lefevre
Steffen Ulrik Jacobsen

Executive Board
Steffen Ulrik Jacobsen (CEO)

Auditors
Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK - 2300 Copenhagen S

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

Today, the Executive Board and Board of Directors have discussed and approved the annual report of Evergas A/S for the financial year 1 January – 31 December 2018.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and of the consolidated cash flows for the financial year 1 January – 31 December 2018.

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

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

Copenhagen, 18 June 2019

Executive Board:

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

Board of Directors:

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

Independent auditor’s report

To the shareholder of Evergas A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Evergas A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 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 consolidated financial statements and the parent financial statements section of this auditor’s report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group’s and the Parent’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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or 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 consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is **materially inconsistent** with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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 2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kim Takata Mücke	Martin Pieper
State-Authorised	State-Authorised
Public Accountant	Public Accountant
MNE no 10944	MNE no 44063

Financial highlights

	2018	2017	2016	2015	2014
Key figures for the Group (in 000'USD)					
Revenue	33,705	81,936	68,685	66,080	67,951
EBITDA	22,376	21,221	1,852	1,060	7,317
EBIT	14,482	5,385	(5,224)	(4,065)	3,739
Net financials	(12,171)	(11,365)	(5,463)	(3,257)	(2,617)
Loss from discontinued operations	(18,333)	0	0	0	0
Net profit/loss for the year	(16,033)	(6,098)	(10,685)	(7,236)	788
Equity at year end	6,225	22,258	28,239	38,877	35,140
Total assets	278,063	297,306	245,329	165,399	141,457
Investments in tangible assets	1,126	51,980	102,261	30,089	43,476
Ratios					
EBIT margin	42,97%	6,57%	-7.60%	-6.15%	5.50%
Equity ratio	2,24%	7,49%	11.51%	23.51%	24.84%
Return on equity	-112,58%	-42,32%	-31.84%	-19.55%	2.27%

Definition of financial ratios:

EBIT margin: Profit/loss before net financials (EBIT) / Revenue * 100

Equity ratio: Equity / Total assets * 100

Return on equity: Net profit/loss for the year / Average equity in the year * 100

Management's commentary

Business activities and mission

Evergas A/S and its subsidiaries ("Evergas Group", "Evergas", or "the Group") is a group with activities to carry on shipping business. Our focus is to make gas transport simple and safe, and to set new standards for efficient and sustainable gas transport at sea. Our mision is to Excel in the transportation of liquefied gasses, including LNG.

Business review (consolidated)

The Group's result for 2018 is a loss of USD 16.0 million against a loss of USD 6.1 million in 2017.

The result for 2018 is lower than expected due to lower freight rate levels during 2018 and lower utilization of the vessels than expected. In addition a provision has been made for onerous contracts.

The Group's total assets per 31 December 2018 is USD 278.1 million (2017: USD 297.3 million).

The vessels' value (including fixtures and fittings) is the most significant asset value of USD 184.9 million in 2018 (2017: USD 256.6 million) against an interest-bearing bank debt of USD 193.1 million (2017: USD 206.2 million) and long-term payables to group enterprise of USD 27.1 million (2017: USD 26.1). As per 31 December 2018, Evergas had current assets of USD 90.2 million (2017: USD 34.6 million) against current liabilities of USD 243.8 million (2017: USD 247.6 million), i.e. net current assets of USD -153.6 million (2017: USD -213.0 million).

Evergas has cash and cash equivalents of USD 5.3 million as of 31 December 2018 (2017: USD 17.5 million).

Evergas' equity per 31 December 2018 is USD 6.2 million (2017: USD 22.3 million).

Due to cross breach on loan covenants within the Group, all bank debt is presented as current debt. The short-term part of bank debt would amount to USD 42,211,523, if the Group was not in breach.

Significant events

The 8 LEG vessels operated by Evergas A/S' subsidiaries Evergas Shipholding A/S, Evergas Shipholding 2 A/S and Evergas Shipholding 3 A/S have been sold with delivery to new owners in 2019. In the consolidated income statements, the loss and income statement items from operating the LEG vessels have been presented as "Loss for the year discontinued operations" since the activity will cease during 2019 after the vessels have been delivered to the new owners.

Going concern assessment

For a description of the going concern assessment at 31 December 2018, refer to note 1.

Risk factors

Evergas' result depends on the worldwide market for vessels within the gas segment. Market conditions for shipping activities are typically volatile and, as a consequence, the result may vary considerably from year to year. The shipping market in broad terms is dependent upon two factors; the supply of vessels and the overall growth in the world economy which affect the demand side. The supply of vessels is a combination of new-buildings, demolition of older tonnage and legislation that limits the use of older vessels or sets new standards for vessels used in specific trades. When the market is weak, the supply side takes much longer time to adjust to the reduced demand for seaborne transportation, and as a consequence, the market will suffer for a period until balance is achieved. From an asset management perspective high markets will be very liquid in shipping whereas low markets are very illiquid.

Evergas aims at securing a robust financial platform for its operations. For the relationship with the Greenship Gas Trust Group and the year-end going concern assessment, refer to Note 1.

The bunker fuel expenses are sought secured through bunker clauses in the contracts (CoA).

Evergas' main credit risks are related to freight income under its charter party contracts for transport. Evergas seeks to limit these risks by trading with creditworthy counterparties and in general major chemical-, trading- or major oil companies only.

Evergas' exposure to interest rate risk is related to interest-bearing liabilities. Evergas' Management periodically reviews and assesses the interest rate risk, and considers hedging of such risk based on various short-and long-term effects on liquidity and results. As per 31 December 2018, no interest risk was hedged. A +/- 1.0 % change in the interest rate would have a +/- USD 3.6 million effect on the profit before tax.

Evergas' functional currency is USD as the majority of the transactions are in USD. Currency risks therefore arise in connection with transactions in other currencies than USD. The Group may use financial derivatives to reduce the net operational currency exposure. No derivatives have been entered as per 31 December 2018.

Health, safety, environment and climate

Evergas is committed to sustainable thinking as Evergas believe this will unlock growth to the benefit of both Evergas and society. Efforts in sustainable development are particularly focused on, but not limited to, the following areas: Innovative Technology & the Environment, Health Safety & Security (HSS) & Development of Human Resources, Governance Standards.

Human capital is a core asset for Evergas. Employee safety presents a significant risk to our business, and accidents can negatively impact our ability to maintain and attract qualified and motivated employees both at sea and ashore.

In 2018 around 700 people were engaged either ashore or at sea in securing and developing the Evergas quality to its customers across the globe.

The safety and well-being of our employees has the highest priority, and Evergas aims to continuously provide and enhance healthy, high-quality working conditions, both ashore and on board the vessels within a zero-incident tolerance environment.

Evergas experienced 3.2% absence due to illness in 2018 and 2.0% in 2017 and zero work-related injuries during 2018 for shore based employees. For the seafarers, there has been reported two work-related lost time injuries during the year. The injuries happened during the first two months of the year after which there has been a period of ten months without any injuries.

Management's commentary – continued

2018 was the year of stabilization for Evergas Ship Management, with no more new deliveries added to the fleet. Our vintage vessel "Sigloo Hav" was recycled in strict accordance with The Hong Kong International convention for the Safe and Environmentally Sound Recycling of the Ships, 2009. The recycling was completed with zero injuries or fatalities to the yard workers.

In addition to the existing measures, some new initiatives were started to enhance standards of health and safety onboard. These included having a dedicated traveling safety superintendent for onboard training, initiation of periodic one day safety workshop for ratings in Colombo. Two sea staff seminars were organized in Riga and Colombo in the months of May 2018 and September 2018 respectively, attended by shore staff and selected speakers from Ineos, PnI club, safety consultants.

We also held periodic safety review meetings with Ineos, where full review of the health and safety measures was carried out to their satisfaction. A follow up TMSA audit was conducted by Ineos in April 2018 with good results.

We have continued working with the KPI's which was implemented in 2015 to ensure optimization of performance in all areas of the business and knowledge across departments.

The primary environmental and climate risks arise from fuel consumption and emissions from vessels, while wastewater and accidental spills also present risks. We support regulation which will significantly reduce these effects. Further, our Environmental Management Manual provides comprehensive guidelines for mitigating the environmental and climate risks arising from the vessel operations.

Evergas continues to minimize impact on environment and climate due to its activities. Dragon vessels are mainly using ethane as fuel for propulsion which helped reduce the 2017 $CO2$ emissions by 7.9% and SOx by 45% as compared to emissions when using conventional fuels. Slow steaming is being used on vessels wherever there is a known delay in the next port. Performance monitoring system Coach is being used to study and compare consumption patterns on our vessels and measure such as hull cleaning, propeller polishing, and engine tuning are being employed to maximize fuel efficiency.

All vessels operated by Evergas are fitted with ballast water treatment system complying with the IMO requirements. The ballast water treatment plant fitted on Dragon vessels received USCG approval. The treatment system control introduction of alien invasive species in the area of discharge of ballast water. All our vessels on long haul cross ocean voyages subscribe to weather routing service to choose optimum route. Evergas successfully implemented processes for compliance with EU MRV regulations. All the vessels have approved monitoring plan. Data was collected throughout 2018 and first submission will be in the year 2019. Evergas complies with IMO data collection system (DCS) for emissions, which comes into force in 2019. All the vessels have received approved amendments to Ship Energy Efficiency Management Plan (SEEMP) for compliance.

Human rights and human resources

We consider the primary human rights arising from our business to be related to our employees, whose right to a workplace that is safe and free from discrimination may be negatively impacted by unsafe and discriminatory practices. Failure to minimize this risk may limit our ability to attract and retain talented employees and harm our reputation.

Management's commentary – continued

Evergas Employees are a variety of ages, levels of experience, nationalities, languages and genders. The Evergas organization embraces a diversified workforce in which employment, promotions, responsibility and job enrichment are based on qualifications and abilities and not on gender, age, race, political- nor religious views. Evergas believes in equal opportunity for men and women in the workplace. The shipping business is historically male-dominated. Onboard the vessels, the picture remains very traditional close to zero female employment. The lack of female sea staff is, however, purely because there is almost no female staff available. Female representation among shore-based employees in Evergas is down from 37% in 2017 to 32% as of 31 December 2018. Evergas has a policy of zero tolerance towards misconduct and exploitation. We have implemented our policy by distributing it to employees and encouraging their awareness through different forms of communication, including our employee development dialogue. We have also implemented family friendly work arrangements.

We did not identify any violations of employee's human rights in 2018.

Gender composition of management

The Board currently consist of three members, all male. Their appointment has been quite recent and there are no immediate plans for replacement of current board members. It is the goal that the underrepresented gender, presently female, should have at least one seat in the Board, equivalent to 33 pct. of the Board of Directors. This is however only possible whenever a replacement in any of the positions becomes relevant, and the goal is therefore presently not fulfilled in 2018. The Board will work to achieve female representation once new Board members are appointed. Evergas aim to comply with the goal in 2020. In the day to day management team of Evergas 2 of 5 leaders are female.

Evergas generally wants to ensure, that it always is the most qualified person who possesses the position. In this connection it should be mentioned, that it is Evergas' policy to secure equal opportunities based on qualifications but also to assure that both male and female candidates are considered and identified in connection with in- and external recruitment of employees and managers, and that both women and men are part of the Group's talent program.

Anti corruption and bribery

The most significant risk relates to our employees encountering – or themselves engaging in – corrupt practices to gain an advantage. Incidents of corruption can damage not only our business relationships but also our reputation as an ethical business.

Evergas focuses on transparency in its conduct of business, supports free enterprise and seeks to compete in a fair and ethical manner.

Evergas has a zero tolerance policy towards bribery and continuously works to prevent and reduce facilitation payments. Evergas has an anti-corruption policy, which is applicable to both shore and sea-going employees. Ship staff have been given specific guidance by way of procedure in their Safety Management System during the year. Evergas is a member of Maritime Anti-corruption network (MACN), which is a global business network working towards the vision of a maritime industry free of corruption. Evergas periodically trains its shore based employees on anti-corruption/ bribery issues through e-Learning.

We did not identify any incidents of corruption in our operations in 2018.

Corporate governance

Evergas focuses on high ethics, innovation and transparency and a responsible interaction between the Board, Management and stakeholders of the company. The Company's success is profoundly dependent upon internal and external confidence and trust. We believe this is achieved by well-founded business practices, financial performance and timely and correct communication to the market.

Subsequent events

As mentioned earlier, the 8 LEG vessels operated by Evergas A/S’ subsidiaries Evergas Shipholding A/S, Evergas Shipholding 2 A/S and Evergas Shipholding 3 A/S have been sold with delivery to new owners 2019.

As a consequence of the sale, the E3 Pool agreement with Eletson will be terminated.

Outlook

Evergas is an active participant in the industry for transportation of liquified gases which together with other group companies commercial control of 8 modern LNG/Ethane vessels. The LNG vessels are operated on long term contracts.

Evergas is also currently commercially operating eight modern Ethylene vessels, which however were sold in 2018. Handover of the vessels will take place in 2019. At the date of the signing of the financial statement 3 vessels have been delivered to the new Owner. The LEG vessels were operated on the spot market with a less stable market outlook.

2019 is expected to show an improved net result compared to 2018 due to the sale of the LEG vessels.

Evergas remains committed to our credo “Carried with Experience”.

Accounting policies

The annual report of Evergas A/S has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

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 Group and the Parent Company, which is also USD. The exchange rate between USD/DKK per 31 December 2018 was 6.52 against 6.21 per 31 December 2017.

All group enterprises are presented in USD, based on bookkeeping records maintained in 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.

Consolidation
The consolidated financial statements comprise the Parent company, Evergas A/S and enterprises in which the Parent - directly or indirectly - holds more than 50% of the voting rights or otherwise has a controlling interest. Enterprises in which the Parent - directly or indirectly - holds between 20% and 50% of the voting rights or otherwise exercises significant influence are considered associates.

Enterprises that are jointly managed by the Group and other enterprises are consolidated on a pro rata basis in the consolidated financial statements, using the same methods as used for the consolidation of group enterprises.

The financial statements of the Group's enterprises are prepared in accordance with the accounting policies applied by the Parent. The consolidated financial statements are prepared on the basis of the financial statements of the Parent and the Group's enterprises by aggregating items of a similar nature.

Intra-group income, expenses, losses, profits and balances are eliminated.

Investments in group enterprises are eliminated with the proportionate share of the net asset value of the group enterprise concerned.

Group enterprises recently acquired or sold are included in the consolidated income statement by reference to the period of ownership.

The purchase method is applied to acquisitions of new enterprises. The cost includes the cash consideration and/or the market price of treasury shares paid as consideration. Purchase consideration conditional on future events is included in the cost at the net present value of the amount expected to be paid. Identifiable assets and liabilities in the acquired enterprises are measured at fair value at the time of acquisition.

Accounting policies - continued

Any remaining difference between the cost and the group's share of the net value of the identifiable assets and liabilities is goodwill or negative goodwill. Provisions for restructuring costs related to the acquired enterprise are recognized if the restructuring has been decided and published at the date of the acquisition.

Minority interests

In the consolidated financial statements, the items of subsidiaries are recognized in full. The minority interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognized separately in the income statement and balance sheet.

Income statement

Revenue and voyage related expenses

Income is recognized in the income statement when:

- The income generating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Company
- Costs relating to the transaction can be measured reliably

Revenue comprises freight, charter hire and demurrage revenues from the vessel. Revenue is recognized when or as performance obligations are satisfied by transferring the promised services to the customer, i.e. at a point in time or over time provided that the stage of completion can be measured reliably. Revenue is measured at the consideration that the Company expects to be entitled to. Accordingly, freight, charter hire and demurrage revenue are recognized at selling price upon delivery of the service as per the charter parties concluded.

Cross-over voyages

Revenue is recognized upon delivery of services in accordance with the terms and conditions of the charter parties. For cross-over voyages (voyages in progress at the end of a reporting period), the uncertainty and the dependence on estimates are greater than for finalized voyages. The Company recognizes a percentage of the estimated revenue at the balance sheet date. The estimate of revenue is based on the expected duration and destination of the voyage.

When recognizing revenue, there is a risk that the actual number of days it takes to complete the voyage will differ from the estimate, and for time charter parties a lower day rate may have been agreed for additional days. The contract for a single voyage may state several alternative destination ports. The destination port may change during the voyage, and the rate may vary depending on the destination port. Changes to the estimated duration of the voyages as well as changing destinations and weather conditions will affect the revenue.

Demurrage revenue

Freight contract contain conditions regarding the amount of time available for lading and discharging of the vessel. If these conditions are breached, the Company is compensated for the additional time incurred in the form of demurrage revenue. Demurrage revenue is recognized upon delivery of services in accordance with the terms and conditions of the charter parties. Upon completion of the voyage, the Company assesses the time spent in port, and a demurrage claim based on the relevant contractual conditions is submitted to the charterers.

Accounting policies - continued

The claim will often be met by counterclaims due to differences in the interpretation of the agreement compared to the actual circumstances of the additional time spent. Any adjustment to the final agreement is recognized as demurrage revenue.

Other operating income and expenses
Other operating income and expenses include items of a secondary nature relative to the enterprise's core business.

External expenses
External expenses include other operating expenses for the vessels like crewing, insurance, technical expenses, management fees and charter-hire expenses including provisions for onerous contracts.

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

Employee expenses
Employee expenses include wages and salaries, pension costs and other social security costs

Amortization/depreciation non-current assets
Amortization/depreciation include amortization, depreciation and write-downs of goodwill and property, plant and equipment. Fixed assets are amortized/depreciated using the straight-line method, based on the cost, less impairment.

Goodwill is amortized over the expected economic life, measured by reference to an assessment of, among other factors, the nature and market position of the business, the stability of the industry and the dependence on key staff. The company is considered to have a strong market position, name and brand in the long term, enhanced by the implemented newbuildings, and therefore the amortization period was originally set to 20 years. In 2018, goodwill has been written down to USD 0 (nil).

Property, plant and equipment is depreciated on a straight-line basis to the residual value, based on the cost, measured by reference to the following assessment of the useful lives:

	Useful-life
Vessels	25-30 years
Dry Dock	5 years
Other fixtures and fittings, tools and equipment	3-5 years

Residual value for the vessels are estimated to 4.1 MUSD for LEG vessels, 6.8 MUSD for LNG and for office equipment it is estimated to nil. The residual value is determined at the time of acquisition based on the market steel price and are reassessed every year.

Accounting policies - continued

Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized. In case of changes in the residual value, the effect on the depreciation charges is recognized prospectively as a change in accounting estimates.

Gains or losses on the sale of fixed assets are recognized in the income statement under 'Loss of sale on non-current asset'.

Share of profit/loss in associated companies

Income from investments in associated companies includes dividends received from the associate during the period of ownership.

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, exchange gains and losses, 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.

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 Company 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 in the group of jointly taxed entities.

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 maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Tonnage Tax

All Danish vessels owing entities within Evergas have entered the Danish Tonnage Tax Scheme, which is binding until 2020.

Balance sheet

Intangible assets

Goodwill

Goodwill is measured at cost less accumulated amortization and write-downs.

An impairment test is prepared for goodwill if there are indications of decreases in value. The impairment test is prepared for the activity or business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and

Accounting policies - continued

the net selling price for the activity or the business area to which the goodwill relates (recoverable amount) if it is lower than the carrying amount.

Property, plant and equipment

Vessels

Vessels are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the vessels. The cost is split into vessel and docking components.

All separate components are depreciated on a straight-line basis over the useful life of the separate item.

Depreciation is based on cost less the estimated residual value. The residual value of the vessels is estimated as the light-weight tonnage of each vessel multiplied by expected steel price per ton.

The residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

Components of vessels are de-recognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on de-recognition of an asset is included in the income statement in the year the asset is de-recognized.

An impairment test is prepared for property, plant and equipment if there are indications of decreases in value. The impairment test is prepared 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.

Other fixtures and fittings, tools and equipment

Other fixtures and fittings, tools and equipment include equipment. Equipment is measured at cost less accumulated depreciation (to the residual value) and write-downs.

An impairment test is prepared if there are indications of decreases in value. The impairment test is prepared 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.

Other financial assets

Other financial assets represent amortization of liquidated damage costs.

Investments in group enterprises and associates

Investments in group enterprises are measured at cost. Investments in associated are measured by using the equity method. Dividends exceeding the accumulated earnings of the group enterprise or the associate in the period of ownership are treated as a cost reduction. Where the cost exceeds the net realizable value, a write-down is made to such lower value.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realizable value.

Accounting policies - continued

Trade and other receivables

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

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term bank deposits.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts which are repayable on demand.

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 years' taxable income and tax paid in advance.

Taxable Income is calculated according to the regulations of the Danish Tonnage Tax Act or general tax regulation depending on activity. Shipping activities are taxed on the basis of the net tonnage at disposal.

Financial lease

Leases of vessels where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Charter hire costs under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant charters. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the charters.

Finance leases are capitalized at the commencement of the charters at the fair value of the chartered asset or, if lower, at the present value of the minimum charter hire payments. Charter hire payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the term of the charters, if there is no reasonable certainty that the Group will obtain ownership by the end of the term of the charters.

Financial liabilities

Financial liabilities are recognized initially at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost, using the effective interest rate method.

Accounting policies - continued

Deferred income – non-current liability

Deferred income recognized as a liability comprises payments received to be recognized as income in subsequent reporting years. They are amortized over the life-time (firm period) of the time charter agreement.

Other liabilities

Other payables are measured at amortized cost, which, essentially, corresponds to the fair value.

Deferred income – current liability

Deferred income recognized as a liability comprises payments received to be recognized as income in subsequent reporting years.

Provisions

Provisions comprise anticipated losses on onerous contracts and time charter agreements, etc. Provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realizable value. If the obligation is expected to be settled far into the future, the obligation is measured at net present value.

Cash flow statement

The cash flow statement shows the enterprise's net cash flows, the year's changes in cash and cash equivalents and the enterprise's cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are presented using the indirect method and are calculated as the net profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid financial items and paid income taxes.

Cash flows from investing activities comprise payments related to additions and disposals of fixed assets.

Cash flows from financing activities comprise dividends paid to shareholders, capital increases and reductions, proceeds from borrowings and repayments of interest-bearing debt.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of outstanding bank overdrafts which are repayable on demand.

Income statement

1 January – 31 December 2018

		Group		Parent company	
		2018	**2017**	**2018**	**2017**
	Notes	**USD**	**USD**	**USD**	**USD**
Revenue	3	33,704,591	81,935,518	101,928	7,590,547
Voyage related expenses		(339,922)	(14,315,371)	570	21,968
Freight income on T/C basis		33,364,669	67,620,147	102,498	7,612,514
Other operating income	4	4,701,750	10,190,105	0	0
External expenses		(10,618,425)	(51,135,866)	16,642	(2,707,332)
Other administration expenses		(1,984,654)	(2,069,754)	(127,646)	(457,310)
Gross profit/loss		**25,463,340**	**24,604,632**	**(8,506)**	**4,447,873**
Employee expenses	5	(3,086,976)	(3,383,523)	0	0
Profit/loss before interest, taxes, depreciation and amortization (EBITDA)		**22,376,364**	**21,221,109**	**(8,506)**	**4,447,873**
Amortization/depreciation non-current assets	6	(7,893,990)	(15,836,375)	(130,419)	(5,311,126)
Loss on sale of non-current asset		0	0	(329,304)	0
Profit/loss before financial items (EBIT)		**14,482,374**	**5,384,734**	**(468,229)**	**(831,554)**
Share of profit/loss in associated companies		0	31,699	94,993	31,699
Financial income	7	109,047	291,933	1,839,044	858,855
Financial expenses	8	(12,280,200)	(11,688,902)	(9,769,399)	(3,764,788)
Profit/(Loss) before tax		**2,311,221**	**(5,980,536)**	**(8,303,592)**	**(3,737,488)**
Tax	9	(5,971)	0	0	59,932
Profit/(Loss) for the year cont. operations		**2,305,250**	**(5,980,536)**	**(8,303,592)**	**(3,677,556)**
Loss for the year discontinued operations	10	(18,333,111)	0	0	0
Loss for the year		**(16,027,860)**	**(5,980,536)**	**0**	**0**

Balance sheet

At 31 December

	Notes	Group 2018 USD	Group 2017 USD	Parent company 2018 USD	Parent company 2017 USD
Assets					
Fixed assets					
Goodwill		0	2,654,196	0	0
Intangible assets	11	**0**	**2,654,196**	**0**	**0**
Vessels		184,792,526	256,557,477	0	4,344,236
Other fixtures & fittings, tools & equipment		107,754	64,052	0	0
Vessels and equipment	12	**184,900,280**	**256,621,529**	**0**	**4,344,236**
Investments in group enterprises	13	0	0	27,520,757	30,336,827
Investments in associates	14	36,307	67,814	36,307	67,814
Receivables from group enterprises	15	0	0	5,914,898	5,688,079
Other financial assets	16	2,973,542	3,313,464	0	0
Financial assets		**3,009,849**	**3,381,278**	**33,471,961**	**36,092,719**
Total fixed assets		**187,910,129**	**262,657,003**	**33,471,961**	**40,436,955**
Current assets					
Vessels	17	**48,805,000**	**0**	**0**	**0**
Inventories		**3,541,419**	**3,458,689**	**0**	**71,289**
Trade receivables		1,475,027	6,217,690	0	1,312,523
Receivables from group enterprises		25,431,339	2,697,381	24,309,072	21,287,142
Other receivables		4,463,658	4,006,862	10,050	38,403
Prepayments	18	1,119,027	728,089	994	36,509
Receivables		**32,489,051**	**13,650,022**	**24,320,116**	**22,674,577**
Cash and cash equivalents	19	**5,317,236**	**17,540,619**	**356,315**	**5,101,784**
Total current assets		**90,152,706**	**34,649,330**	**24,676,431**	**27,847,650**
Total assets		**278,062,835**	**297,306,333**	**58,148,391**	**68,284,606**

Balance sheet - continued

at 31 December

	Notes	Group		Parent company	
		2018 USD	2017 USD	2018 USD	2017 USD
Equity and liabilities					
Equity					
Share capital	20	48,523,306	48,523,306	48,523,306	48,523,306
Retained earnings		(42,298,248)	(26,415,942)	(25,513,418)	(17,209,826)
Equity before minority interest		**6,225,058**	**22,107,364**	**23,009,888**	**31,313,480**
Minority interest	21	0	150,738	0	0
Total equity		**6,225,058**	**22,258,102**	**23,009,888**	**31,313,480**
Liabilities					
Payables to group enterprises	22	27,119,948	26,079,979	32,820,034	31,589,257
Deferred income		900,205	998,349	0	0
Long-term liabilities		**28,020,153**	**27,078,328**	**32,820,034**	**31,589,257**
Bank debt	22	193,141,600	206,186,212	0	0
Trade payables		4,903,995	2,936,734	62,486	330,235
Payables to group enterprises		29,924,331	24,249,977	2,245,131	4,973,813
Deferred income	23	2,780,452	2,780,452	0	0
Provisions	24	5,944,627	329,097	0	0
Other payables		7,122,619	11,487,431	10,853	77,820
Short-term liabilities		**243,817,624**	**247,640,806**	**2,318,469**	**5,381,869**
Total liabilities		**271,837,777**	**275,048,231**	**35,138,503**	**36,971,126**
Total equity and liabilities		**278,062,835**	**297,306,333**	**58,148,391**	**68,284,606**

Significant events and matters	1
Subsequent events	2
Security for loans	25
Contingent liabilities and other financial obligations	26
Fees to the auditors appointed by the General Meeting	27
Related parties	28

Consolidated statement of changes in equity, Group

	Share capital	*Accumulated loss*	*Minority interest*	*Total*
Equity at 1/1 2018	**48,523,306**	**(26,415,942)**	**150,738**	**22,258,102**
Transfer for the year	0	(15,882,306)	(150,738)	(16,033,043)
Equity at 31/12 2018	**48,523,306**	**(42,298,248)**	**0**	**6,225,058**

Statement of changes in equity, Parent Company

	Share capital	*Accumulated loss*	*Total*
Equity at 1/1 2018	**48,523,306**	**(17,209,826)**	**31,313,480**
Transfer for the year	0	(8,303,592)	(8,303,592)
Equity at 31/12 2018	**48,523,306**	**(25,513,418)**	**23,009,888**

Consolidated cash flow statement

	Notes	2018 USD	2017 USD
Net loss for the year		(16,027,860)	(5,980,536)
Non-cash items, etc.	29	42,244,267	20,939,112
Changes in working capital	30	(14,576,378)	3,135,468
Cash flows from operating activities before net financials		**11,640,029**	**18,094,045**
Interest received		9,953	9,113
Interest paid		(12,608,474)	(10,789,152)
Cash flows from operating activities		**(958,492)**	**7,314,005**
Additions of vessels and equipment		(1,052,526)	(51,980,081)
Proceeds from disposal of property, plant and equipment		3,872,773	0
Additions of investments in other fixtures and fittings, tools and equipment		(73,563)	(36,115)
Cash flows from investing activities		**(2,746,684)**	**(52,016,196)**
Intercompany loan		(738,847)	18,000,778
Repayments, long-term liabilities		(13,272,727)	(12,472,728)
Bank loans (proceeds)		0	48,386,250
Cash flows from financing activities		**(14,011,574)**	**53,914,300**
Net cash flow for the year		**(12,223,383)**	**9,212,109**
Cash and cash equivalents			
Cash and cash equivalents at 1/1		17,540,619	8,328,510
Net cash flow for the year		(12,223,383)	9,212,109
Cash and cash equivalents at 31/12		**5,317,236**	**17,540,619**

Notes

Note 1. Significant events and matters

Going concern assessment

Management has prepared an assessment over going concern covering both the Group and Parent company at 31 December 2018.

The Group and Parent 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 Group and Parent Company's own going concern assessment.

As disclosed in Note 22, other entities in the Greenship Gas Trust Group breached certain financial covenants at 31 December 2018, which has resulted in a technical cross-default on all loans at 31 December 2018. The lenders are due to these circumstances contractually entitled to request immediate repayment of the outstanding bank debt at 31 December 2018. The Group has therefore requested a waiver from the lenders, which as of the date approving these financial statements has still not been received. However, as the Group's leverage has improved significantly since same time last year and also the short and long termed cash flow outlook is now positive and secured by a revenue coverage of around 80% until 2024 and thereafter 100% until 2027, Management expects to receive a waiver similar to last year, where the waiver was received end of June.

In both 2018 and 2019, all instalments on the Group's loans have been paid according to agreements. As of the date approving these financial statements, no lenders have started any default procedures.

As a waiver was not received as per 31 December 2018 due to the cross-default of bank debt triggered by events of default and cross-default, the non-current portion of the bank debt according to the loan agreements have been presented as current liabilities as at 31 December 2018. Furthermore, as disclosed in Note 10 and 17, as the LEG vessels of Evergas Shipholding 2 A/S and Evergas Shipholding 3 A/S have been sold for delivery in 2019, these are presented as current assets, and full repayment of mortgage loans of these vessels will be made in connection with the sale.

The presentation of all external loans to current liabilities indicates the existence of a material uncertainty, which may cast significant doubt about the Group's and Parent Company's ability to continue as a going concern. To test the going concern assumption, Management has assessed and concluded that if the Group was to accelerate disposal of its assets, the realistic proceeds from such accelerated disposals would be adequate to ensure full payment of all creditors. This methodology applies in all components within the Group owning the vessels.

For the entity within the Group, who is not owning any vessels there is negative equity as a result of time charter agreements with an affiliated company of the Group where the rates agreed did not forecast the decline in market rates. Vessels operated by this company have been sold and a provision for onerous contracts has been made. The negative equity of this entity is financed through internal group funding and hence such intercompany debt will not need to be paid before the entity has sufficient liquidity.

As the Parent company sold its vessel in February 2018, the activity going forward is holding shares in subsidiaries, whereby the consideration of the Group's ability to continue as a going concern also affects the Parent company's ability to be considered a going-concern.

Notes

Furthermore, cash flow forecast has been prepared for 2019, which shows that the Group and Parent company has sufficient liquidity to pay creditors as they fall due. As stated above, Management has also assessed that the realistic value of its assets is sufficient to cover the creditors should the Group come in a position where they will need to accelerate disposals of its assets.

Based on the above it has been considered appropriate that the consolidated and Parent company financial statements for the twelve months period ending 31 December 2019 have been prepared on a going concern basis.

Note 2. Subsequent events

As mentioned, the 8 LEG vessels operated by Evergas A/S' subsidiaries Evergas Shipholding A/S, Evergas Shipholding 2 A/S and Evergas Shipholding 3 A/S have been sold with delivery to new owners 2019.

As a consequence of the sale the E3 Pool agreement with Eletson will be terminated.

Note 3. Revenue

Evergas is carrying on shipping business worldwide. In accordance with §96 in the Danish Financial Statements act and for competitive reasons, Evergas does not disclose a revenue split on geographic or business segments.

Note 4. Other operating income

	Group		Parent company	
	2018 USD	2017 USD	2018 USD	2017 USD
Onerous contract	0	6,000,000	0	0
Service fee income	4,701,750	4,190,105	0	0
	4,701,750	10,190,105	0	0

Note 5. Employee expenses

Wages and salaries	2,484,846	2,811,670	0	0
Pension costs	458,879	393,493	0	0
Other social security costs	22,121	25,090	0	0
Other staff costs	121,130	153,271	0	0
	3,086,976	3,383,523	0	0

Notes

The Board of Directors have not received remuneration in 2017 and 2018. According to the Danish Financial Statements Act § 98b, the total remuneration to the Executive Board is not disclosed.

Average number of employees	22	23	0	0

Note 6. Amortization/depreciation non-current assets

	Group		Parent company	
	2018 USD	**2017 USD**	**2018 USD**	**2017 USD**
Goodwill	0	208,172	0	0
Depreciation vessels	7,864,129	11,634,473	130,419	1,565,029
Impairment vessels	0	3,992,923	0	3,746,097
Other fixtures and fittings, tools and equipment	29,861	807	0	0
	7,893,990	15,836,375	130,419	5,311,126

Note 7. Financial income

Interest, group enterprises	0	0	1,005,788	552,055
Other financial income	99,095	261,533	683,010	0
Other interest	9,952	30,400	150,246	306,800
	109,047	291,933	1,839,044	858,855

Note 8. Financial expenses

Write-down of receivables from group enterprises	0	0	4,935,699	2,987,170
Write-down subsidiaries	0	0	3,512,768	0
Interest, group enterprises	1,039,969	712,560	1,230,776	675,513
Interest, exchange losses and similar expenses	11,240,231	10,976,342	90,156	102,104
	12,280,200	11,688,902	9,769,399	3,764,788

Note 9. Tax

Adjustment to previous years income tax	4,612	0	0	59,932
Corporate income tax	(10,581)	0	0	0
	(5,971)	0	0	59,932

Notes

Note 10. Loss for the year discontinued operations

	Group
	2018 **USD**
Revenue	62,111,845
Voyage related expenses	(21,120,792)
Freight income on T/C basis	40,991,053
External expenses	(42,269,041)
Gross profit/loss	**(1,277,988)**
Employee expenses	(547,500)
Earnings before interest, taxes, depreciation, amortization (EBITDA)	**(1,825,488)**
Amortization/depreciation non-current assets	(14,521,532)
Loss on sale of non-current asset	(341,049)
Profit/loss before financial items (EBIT)	**(16,688,069)**
Share of profit/loss in associated companies	18,493
Financial income	26,188
Financial expenses	(1,689,723)
Profit/loss before tax	(18,333,111)
Profit/loss for the year from discontinued operations	**(18,333,111)**

On 20 December 2018, all banks signed a consent letter approving the sale of all 8 LEG vessels and just before year-end 2018 term sheet were signed with new owner for delivery of the vessels to the new owner in 2019. On this basis the LEG segment is classified as discontinued operations. As the vessels are being sold, the vessels are presented within current assets and the result from the LEG segment is presented separately on the statement of comprehensive income as "loss for the year from discontinued operations". As a consequence of the sale of the LEG vessels, the E3 Pool agreement with Eletson will be terminated.

	2018
	USD
Vessels	48,805,000
Investments in associated companies	36,307
Bank debt	(33,138,347)
Net assets	**15,702,960**

See note 26 for obligations related to the use of the net proceeds.

Notes

Note 11. Intangible assets

Group

	Goodwill
Cost	
Balance at 1/1	4,163,443
Cost at 31/12	**4,163,443**
Amortization and write-downs	
Balance at 1/1	1,509,247
Writedown of the year	2,654,196
Amortization and write-downs at 31/12	**4,163,443**
Carrying amount at 31/12	**0**

Note 12. Vessels and equipment

Group

	Vessels	*Other fixtures and fittings, Tools and equipment*	*Total*
Cost			
Balance at 1/1	287,072,243	71,851	287,144,094
Additions in the year	1,052,526	73,563	1,126,089
Transfer to current assets	(71,822,515)	0	(71,822,515)
Disposals in the year	(14,372,402)	0	(14,372,402)
Cost at 31/12	**201,929,852**	**145,414**	**202,075,266**
Depreciation and write-downs			
Balance at 1/1	30,514,766	7,799	30,522,565
Depreciation in the year	7,864,129	29,861	7,893,990
Transfer to current assets	(11,082,984)	0	(11,082,984)
Disposals in the year	(10,158,585)	0	(10,158,585)
Depreciation and write-downs at 31/12	**17,137,326**	**37,660**	**17,174,986**
Carrying amount at 31/12	**184,792,526**	**107,754**	**184,900,280**

Notes

Parent company

	Vessels	Total
Cost		
Balance at 1/1	14,372,402	14,372,402
Disposal of asset	(14,372,402)	(14,372,402)
Cost at 31/12	0	0
Depreciation and write-downs		
Balance at 1/1	10,028,166	10,028,166
Depreciation in the year	130,419	130,419
Disposal of asset	(10,158,585)	(10,158,585)
Depreciation and write-downs at 31/12	**0**	**0**
Carrying amount at 31/12	**0**	**0**

Note 25 provides more details on security for loans, etc., as regards property, plant and equipment

Note 13. Investments in group enterprises

Parent company

	Total group enterprises
Cost	
Balance at 1/1	52,058,762
Additions in the year	81,447
Cost at 31/12	**52,140,209**
Write-downs	
Balance at 1/1	21,721,935
Adjustment of investments	2,897,517
Write-downs at 31/12	**24,619,452**
Carrying amount at 31/12	**27,520,757**

Group enterprises	Domicile	Currency	Nominal Capital	Interest (%)	Equity USD	Profit/loss USD
Evergas Shipholding A/S	Denmark	USD	92,935	100	- 46,486,258	-9,220,682
Evergas Management A/S	Denmark	USD	89,484	100	1,145,678	227,598
Evergas Shipholding 2 A/S	Denmark	USD	10,318,922	100	8,411,815	-4,820,775
Evergas Shipholding 3 A/S	Denmark	USD	10,322,939	100	9,496,247	-3,621,819
Evergas Shipholding 18 A/S	Denmark	USD	3,247,707	100	9,310,394	1,825,662
Evergas Shipholding 19 A/S	Denmark	USD	3,312,707	100	5,134,201	1,458,575
Evergas Shipholding 20 A/S	Denmark	USD	2,899,128	100	4,759,604	1,602,431
Evergas Shipmanagement-Pte Ltd	Singapore	USD	100,000	100	13,254	-144,373

Notes

Note 14. Investments in associates

Group / Parent

	Total group enterprises
Cost	
Balance at 1/1	67,814
Additions	0
Cost at 31/12	**67,814**
Adjustments of investments	
Balance at 1/1	67,814
Share of dividend	-50,000
Share of profit / loss	18,493
Total adjustments at 31/12	**0**
Carrying amount at 31/12	**36,307**

Associates	Domicile	Currency	Nominal Capital	Interest (%)	Equity USD	Profit/loss USD
E3 Pool A/S	Denmark	USD	72,230	50	72,613	50,933

Note 15. Receivables from group enterprises

Parent

The balance of USD 5,914,898 is falling due at 31 December 2020.

Note 16. Other financial asset

The balance of USD 2,973,542 represent amortization of liquidated damage costs.

Note 17. Vessels

The amount of USD 48,805,000 is regarding the 2 LEG vessels owned by Evergas A/S' subsidiaries Evergas Shipholding 2 A/S and Evergas Shipholding 3 A/S that have been sold prior to year-end with delivery to new owners during 2019.

	Group		Parent company	
	2018 USD	**2017 USD**	**2018 USD**	**2017 USD**
Note 18. Prepayments				
Prepaid insurance	598,233	463,356	994	36,509
Other prepayments	520,794	264,733	0	0
	1,119,027	728,089	994	36,509

Notes

Note 19. Cash and cash equivalents

Out of the balance of USD 5,317,236 at 31 December 2018, USD 1,300,000 is pledged to secure bank loans in Evergas Shipholding 2 A/S and Evergas Shipholding 3 A/S.

Note 20. Share capital

	2018 USD'000
Analysis of the Company's share capital, USD 48,523,306:	
273,431,061 shares of DKK 1	48,523,306

Apart from the incorporation, there have been a capital increase from debt conversion in October 2010 of DKK 198,375,000, and a capital increase from debt conversion in July 2015 of DKK 74,556,061

Note 21. Minority interest

	2018 USD'000	2017 USD'000
Minority 01/01	150,738	33,013
Adjustment prior year		144
Share of profit/loss for the year	5,183	117,581
Purchase of minority	(155,921)	0
Minority 31/12	0	150,738

Note 22. Long/short-term liabilities

Group

Breakdown of certain liabilities by long-term and short-term liabilities:

	Falling due between 1 and 5 years	Total long-term liabilities at 31/12	Falling due within 1 year	Total
Bank debt	0	0	193,141,600	193,141,600
Payable to group enterprise	27,119,948	27,119,948	0	27,119,948
	27,119,948	27,119,948	193,141,600	220,261,548

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 2018. Thus, the non-current portion of the bank debt amounting to USD 150,930,077, has been reclassified to current liabilities as at 31 December 2018. However, it should be noted that as of date of approving these financial statements no lenders have requested full repayment of the outstanding bank debt.

Notes

The loans of Evergas Shipholding 18 A/S and Shipholding 19 A/S are ordinarily repayable incrementally in 41 consecutive quarterly installments with the first 20 installments at 1.17%, the next 20 installments at 1.58% and the last installment at 45.05% of the loan. The loan of Evergas Shipholding 20 A/S is ordinarily repayable incrementally in 41 consecutive quarterly installments with the first 20 installments at 1.31%, the next 20 installments at 1.71% and the last installment at 39.63% of the loan. Therefore USD 9,200,000 is to be repaid in 2019 according to loan repayment schedule when not taking the technical breach mentioned above into account.

Parent company

Breakdown of certain liabilities by long-term and short-term liabilities:

	Falling due between 1 and 5 years	Total long-term liabilities at 31/12	Falling due within 1 year	Total
Payable to group enterprise	32,820,034	32,820,034	0	32,820,034
	32,820,034	32,820,034	0	32,820,034

Note 23. Deferred income

Deferred income includes prepaid hire from costumers covering periods after 31 December 2018.

	Group		Parent company	
	2018 USD	2017 USD	2018 USD	2017 USD
Note 24. Provisions				
Provisions at 1/1	329,097	6,000,000	0	0
Provision for the year	5,615,530	-5,670,903	0	0
Other provisions at 31/12	5,944,627	329,097	0	0

Provisions comprise onerous contracts.

Note 25. Security for loans

All shares held by Evergas A/S in Evergas Shipholding 2 A/S and Evergas Shipholding 3 A/S are pledged as security for bank loan. Under the terms and conditions of the loans, Evergas A/S is prohibited from disposing of the investments or subjecting them to further charges without furnishing a replacement security of similar kind. Furthermore, bank loan in Evergas Shipholding 2 A/S and Evergas Shipholding 3 A/S are secured by first mortgage over the vessels owned by those companies with a net carrying amount of USD 48,805,000 in total as at 31 December 2018.

Notes

Note 26. Contingent liabilities and other financial obligations

	2018 USD'000	2017 USD'000
Rent payments	870	1,130
Payments under other operating leases	307	240
Time charter hire payments (including amounts provided for onerous contracts)	17,280	34,560
Payments regarding Technical Management agreements	1,437	1,445
	19,893	37,375

As at 31 December 2018, Evergas Group has no tax liability that is not included in the financial statements.

In connection with sale of the vessels of Evergas Shipholding 2 and Evergas Shipholding 3, the Group has made a commitment to use 75% of the proceeds after repayment of own mortgage loan, in order to loan to other companies within the Greenship Gas Trust Group with the purpose of reducing the external debt within the Group.

Contingent liabilities, Parent Company

	2018 USD'000	2017 USD'000
Other financial obligations, Parent Company		
Payments regarding Technical Management agreement	0	251

Note 27. Fees to the auditors appointed by the General Meeting

	Group		Parent company	
	2018 USD	2017 USD	2018 USD	2017 USD
Fee for statutory audit Deloitte	74,839	56,485	22,699	6,989
Fee for other services	16,226	23,815	16,226	0
	91,065	80,301	38,925	6,989

Note 28. Related parties

Greenship Gas Trust
21 Ubi Road 1
#06-01
Singapore 408724

Holds of the entire share capital of the entity.

Notes

Related party transactions

	2018 USD	2017 USD
Interest	1,039,969	579,262
Receivables from group enterprises	25,431,339	2,697,381
Payables to group enterprises	57,044,279	50,329,956

Parent company

Management fee (expense)	45,786	218,250
Interest income	1,005,788	591,583
Interest expenses	1,230,777	675,513
Receivables from group enterprises	30,223,970	26,975,221
Payables to group enterprises	35,065,165	36,563,070

Remuneration/fees to members of the Executive Board and the Board of Directors of the Parent Company are reflected in note 5

Note 29. Non-cash items, etc., cash flow statement

	2018 USD	2017 USD
Depreciation and write-downs	22,470,967	15,836,375
Profit/(loss) sale of assets	341,049	0
Financial income	(9,952)	(9,113)
Financial expenses	13,844,640	11,143,549
Provision onerous contracts	5,560,085	(6,000,000)
Share of result in E3 Pool A/S	31,507	(31,699)
Tax for the year	5,971	0
Total non-cash items	42,244,267	20,939,112

Note 30. Changes in working capital, cash flow statement

Changes in receivables	(11,385,859)	(5,026,409)
Changes in inventories	(82,730)	(1,449,028)
Changes in trade payables	1,967,261	1,378,951
Changes in other non-current assets	339,922	250,703
Changes in other non-current liabilities	(98,144)	278,381
Changes in deferred income	0	1,484,544
Changes in other payables	(5,316,828)	6,218,326
Total changes in working capital	(14,576,378)	3,135,468

Notes

	Group		Parent company	
	2018 USD	**2017 USD**	**2018 USD**	**2017 USD**
Note 31. Appropriation of loss				
Loss to be appropriated:				
Accumulated loss	(26,415,942)	(20,317,681)	(17,209,827)	(13,532,271)
Minority interest	150,738	0	0	0
Net loss for the year	(16,033,043)	(6,098,261)	(8,303,592)	(3,677,556)
Total appropriation	**(42,298,248)**	**(26,415,942)**	**(25,513,418)**	**(17,209,827)**