Evergas A/S

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

Annual report

for the year ended 31 December 2017
(12 months)
7th financial year

Approved at the annual general meeting of shareholders,
on 29 June 2018

Pia Lindberg
....
Pia Lindberg

Contents

Company details

Evergas A/S

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www.evergas.net

Supervisory board

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

Christian Franck Lefevre

Steffen Ulrik Jacobsen

Executive board

Steffen Ulrik Jacobsen (CEO)

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

	Percentage interest
Greenship Gas Trust	100%

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6,
DK - 2300 København 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 2017.

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 2017 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 2017.

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

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

Copenhagen, 29 June 2018

Executive board:

....
Steffen Ulrik Jacobsen

Board of directors:

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

Independent auditors' report

Opinion

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

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

Basis for opinion

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Copenhagen, 29 June 2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Kim Mücke

Kim Takata Mücke
State-Authorised
Public Accountant
mne10944

Financial highlights

	2017	2016	2015	2014	2013
Key figures for the group (in 000'USD)					
Revenue	81,936	68,685	66,080	67,951	52,339
EBITDA	21,221	1,852	1,060	7,317	(1,696)
Profit/loss before net financials	5,385	(5,224)	(4,065)	3,739	(10,695)
Net financials	(11,365)	(5,463)	(3,257)	(2,617)	(856)
Net profit/loss for the year	(6,098)	(10,685)	(7,236)	788	(11,510)
Equity at year end	22,258	28,239	38,877	35,140	34,352
Total assets	297,306	245,329	165,399	141,457	87,623
Investments in the year	51,980	102,261	30,089	43,476	34,845
Ratios					
Gross margin	30,03%	9,22%	6.68%	14.85%	1.24%
EBIT margin	6,57%	-7,60%	-6.15%	5.50%	-20.43%
Return on assets	1,98%	-2,13%	-4.92%	3.26%	-13.50%
Current ratio	13,99%	10,25%	288.94%	284.67%	90.43%
Equity ratio	7,49%	11,51%	23.51%	24.84%	39.20%
Return on equity	-42,32%	-31,84%	-19.55%	2.27%	-28.70%

Definition of financial ratios:

Gross margin: Gross profit / Net revenue * 100

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

Return on assets: Profit/loss before net financials / Average, total assets * 100

Current ratio: Current assets / Short-term liabilities * 100

Equity ratio: Equity / Total assets * 100

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

Management's review

Business activities and mission

Evergas A/S and its subsidiaries ("Evergas Group", "Evergas", or "the Group") is a shipping group with activities within seaborne transportation of liquefied gasses across the global markets.

Greenship Gas Trust (Singapore) holds 100% ownership of Evergas A/S.

Business review (consolidated)

Evergas' result for 2017 was negative USD 6.1 million which is lower than excepted. This is mainly due to lower net Freight income as the utilization of the vessels and the hire level has been lower than expected, and in addition to that also impacted by a provision for onerous charter contracts in 2017

As of 31 December 2017, Evergas' total assets were USD 297.3 million (2016: USD 245.3 million).

The significant asset value is the vessels' value of USD 256.6 million (2016: USD 219.9 million) against an interest-bearing bank debt of USD 206.2 million (2016: USD 170.0 million) and long-term payables to group enterprise of USD 26.1 million (2016: USD 25.4). As per 31 December 2017, Evergas had current assets of USD 34.6 million (2016: USD 19.0 million) against current liabilities of USD 247.6 million (2016: USD 185.0 million), i.e. net current assets of USD -213.0 million (2016 net current assets: USD -166.0 million).

Evergas had Cash and Cash equivalents of USD 17.5 million as of 31 December 2017 (2016: USD 8.3 million).

The Evergas equity as per 31 December 2017 was USD 22.3 million against an equity as per 31 December 2016 of USD 28.2 million.

Due to cross breach on loan covenants within the Group, all debt should be reclassified to current debt. Had there not been a breach, current debt would amount to USD 13,044,611.

Significant events

On 30 January 2017, a pool, E3, was established together with the Greek company Eletson. The establishment of the pool enables the Group to strengthen its market position and keep earnings at a healthy level. The pool is administrated by E3 Pool A/S and is a Danish incorporated Company.

In March 2017, we have taken over delivery of one newbuilding; JS INEOS INDEPENDENCE, a 27,500 cbm vessels that carries ethane under long-term contracts for INEOS from the US to Europe.

Management's review – continued

Going concern assessment

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 Company's own going concern assessment.

As disclosed in Note 1 and 20, other entities in the Greenship Gas Trust Group breached certain financial covenants at 31 December 2017, which has resulted in a technical cross-default on all loans at 31 December 2017, wherefore the Greenship Gas Trust Group in due time has applied for a waiver. As per 27th June 2018 the Greenship Gas Trust Group has received a confirmation that waiver is approved subject to additional guarantee of Greenship Gas Trust Group. Any additional guarantee of Greenship Gas Trust Group will require the consent of all Finance Parties of the Framework Agreement entered in 2017. It has been decided that the Greenship Gas Trust Group will seek such a consent.

As a waiver was not received as per 31 December 2017 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 reclassified as current liabilities as at 31 December 2017.

The reclassification of all loans to non-current indicates the existence of a material uncertainty, which may cast significant doubt about the Group 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 have been fixed for a longer period without taking into account any decline in market rates. For this entity, the negative results are expected to become smaller in 2018 compared to 2017 due to changes in the contractual terms of the leasing contracts. 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 activities, 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.

Cash flow forecast has been prepared for 2018, which shows that the Group and Parent company has sufficient liquidity to pay creditors as they fall due. Furthermore, freight rates have developed positively during 2018 compared to budget and 2017. 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 2017 have been prepared on a going concern basis.

Management's review - continued

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 the preceding paragraph.

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 2017, no debt was hedged. A +/- 1.0 % change in the interest rate would have a +/- USD 2.0 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.

Health, safety and environment

Human capital is a core asset for Evergas. It is of vital importance for Evergas continuously to maintain and attract qualified and motivated employees both at sea and ashore. 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.

In 2017 around 700 people were engaged either ashore or at sea in securing and developing the Evergas quality to its customers across the globe.

Evergas believes in equal opportunity for men and women in the workplace, but the shipping business is historically male-dominated. Onboard the vessels, the picture remains very traditional with zero, or 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 42% in 2016 to 37% as of 31 December 2017.

Management's review – continued

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 2.0% absence due to illness in 2017 and 6.0% in 2016 and zero work-related injuries during 2017 for shore based employees. For the seafarers, there has been reported three work-related injuries during the year. The injuries happened during the first four months of the year. During the remaining eight months of 2017 we have had no injuries.

During 2017, the last of the three dragon vessels was seamlessly inducted in the fleet. Evergas Ship Management has built a solid platform for first class technical management of the vessels. Monthly scorecard initiative has further matured and gained traction among the seafarers, as well as our top customer Ineos. Health, Safety and Environment campaigns were conducted during the year. A sea staff seminar was organized in August 2017, which was well attended by senior sea staff, office staff and external speakers from Ineos, Sea Health, Insurance, Flag, Three TMSA audits were conducted during the year by BP, ExxonMobil and Total with good feedback.

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

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.

Evergas continues to minimize the impact on the environment and the climate due to its activities. The dragon vessels are mainly using ethane as fuel for propulsion which helped reduce the CO_2 emissions in 2017 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 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. 16 out of 17 vessels have been fitted with ballast water treatment system complying with the IMO requirements, that came into force in September 2017. The treatment systems 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 the optimal routes. Evergas successfully implemented processes for compliance with the EU MRV regulations. All the vessels have approved a monitoring plan. Data will be collected throughout 2018 and first submission will be in the year 2019. Evergas is preparing for compliance with IMO data collection system (DCS) for emissions, which comes into force in 2019.

Human rights

Evergas does not have a specific policy for human rights.

Gender composition of management

The Board has set a target for the underrepresented gender of the Board of 25%. The board works to achieve the target by the end of 2018 or when female candidates with the required skills are identified. The 3 current board members are all men. Christian Lefevre has joined the board during 2017.

As the company has less than 50 employees ashore there is no target for the underrepresented gender in the management group.

Management's review – continued

Corporate governance

Evergas focuses on high ethics, innovation and transparency and a responsible interaction between the Board, management and stake-holders of the company. The Company's successful value added 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

The vessel Sigloo Hav has been taken out of operation and sold. On the 2nd of March 2018 Sigloo Hav was delivered to the buyer.

On the 9th of March a 120 days' notice of termination was given to Thome with whom Evergas has a joint venture named Evergas Ship Management. Thome has provided services such as purchasing, accounting, Vessel IT etc. As Evergas has found better synergies with Bourbon, these services will be managed by Bourbon offshore Asia going forward. Bourbon is a sister company of Evergas and is a leader in the offshore market with over 500 vessels. Some of the services like vessel IT will be managed in-house.

Outlook

The industry for transportation of liquefied gases is still undergoing a rapid expansion with increasing volumes of ethane and LNG being exported from the US. In addition, from January – May 2018 there has been a positive trend in the realized rates, and the expectations for the remainder of 2018 and onwards are positive.

Evergas is an active participant in this industry with commercial control of eight modern LNG/Ethane vessels. After the sale of Sigloo Hav Evergas also operates eight modern Ethylene vessels.

In 2018, an improved net result compared to 2017 is expected.

During the last couple of years, important steps have been taken to maintain access to building attractive vessels of high complexity in China and at the same time increase our knowledge base and control of the technical management of our fleet.

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 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 company, which is also USD. The exchange rate between USD/DKK per 31 December 2017 was 6.21 against 7.05 per 31 December 2016.

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

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 company 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 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 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.

Accounting policies - continued

Consolidation – continued

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 plus directly attributable expenses. 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. 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.

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.

Derivative financial instruments

Derivative financial instruments are measured at fair value. Positive and negative fair values are recognized as other receivables and other payables, respectively.

Income statement

Revenue and voyage expenses

All voyage revenues and voyage expenses are recognized based on the percentage of completion. Evergas uses a discharge-to-discharge basis in determining percentage of completion for all spot voyages and voyages servicing Contracts of Affreightment (COA). With this method, voyage revenue is recognized evenly over the period from the departure of a vessel from its original discharge port to departure from the next discharge port. Vessels without signed contracts in place at discharge have no revenue before a new contract is signed. Voyage related expenses incurred for vessels during the idle time are expensed. Voyage cost includes bunker, port and other cost related to the specific voyage. Revenue from time charters (T/C) and bareboat charters (B/B) accounted for as operating leases are recognized over the rental periods of such charters, as services are performed.
Demurrage is included if a claim is considered probable.
Losses arising from COA's, spot, T/C and B/B voyages are provided for in full when they become probable.

Other operating income and expenses

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

Other administration expenses

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

Accounting policies - continued

Amortization/depreciation and write-downs

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 new-buildings, and therefore the amortization period is set to 20 years from 6th October 2010 to 6th October 2030.

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 and 6.8 MUSD for LNG and for office equipment it is estimated to nill.
Gains or losses on the sale of fixed assets are recognized in the income statement under 'Other income/Other expenses'.

Income from investments in group enterprises

Such income includes dividends received from group enterprises provided it does not exceed the accumulated earnings of the group enterprise or the associate during the period of ownership.

Such income includes dividend from group enterprises and associates.

Net financials

Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realized and unrealized capital and exchange gains and losses on securities and foreign currency transactions, amortization of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments.

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

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

Accounting policies - continued

Tax - continued

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 vessel owing entities within Evergas have entered the Danish Tonnage Tax Scheme.

Balance sheet

Intangible assets

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 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 lightweight tonnage of each vessel multiplied by expected steel price per ton. The residual values of dockings are estimated to nil.

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.

Accounting policies - continued

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.

Investments

Investments in group enterprises are measured at cost. 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.

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'.

Accounting policies - continued

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.

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

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

Lease liabilities

Finance lease liabilities are measured at the net present value of the remaining lease payments including guaranteed residual value, if any, calculated by reference to the interest rate implicit in the lease.

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.

Other payables

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

Deferred income

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

Provisions

Provisions comprise anticipated costs related to loss making COA's and T/C 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.

Cash and cash equivalents comprise cash.

Income statement
1 January – 31 December 2017

		Group		Parent company	
		2017	2016	2017	2016
	Notes	USD	USD	USD	USD
Freight income	3	81,935,518	68,685,230	7,590,547	5,837,099
Voyage related expenses		(14,315,371)	(10,480,581)	21,968	(297)
Freight income on T/C basis		67,620,147	58,204,649	7,612,514	5,836,802
Other operating income/expense	4	10,190,105	(2,708,426)	0	(1,290,300)
External expenses vessels		(51,135,866)	(48,321,617)	(2,707,332)	(2,630,939)
Other administration expenses		(2,069,754)	(1,808,055)	(457,310)	(352,998)
Gross margin		**24,604,632**	**5,366,551**	**4,447,873**	**1,562,565**
Employee benefit expenses	5	(3,383,523)	(3,514,844)	0	0
Earnings before interest, depreciations, amortization, impairment and taxes (EBITDA)		**21,221,109**	**1,851,707**	**4,447,873**	**1,562,565**
Amortization/depreciation and impairment of intangible assets and property, plant and equipment	6	(15,836,375)	(7,075,293)	(5,311,126)	(1,615,190)
Profit/loss before net financials		**5,384,734**	**(5,223,586)**	**(863,254)**	**(52,625)**
Share of profit/loss in associated companies		31,699		31,699	
Other financial income	7	291,933	0	858,855	321,509
Other financial expenses	8	(11,688,902)	(5,463,329)	(3,764,788)	(619,208)
Profit/loss before tax		**(5,980,536)**	**(10,686,915)**	**(3,737,488)**	**(350,324)**
Tax for the year	9	0	(499)	59,932	(900)
Net profit/loss for the year before minority		**(5,980,536)**	**(10,687,414)**	**(3,677,556)**	**(351,224)**
Minority interests' share of profit/loss		(117,725)	2,675	0	0
Net profit/loss for the year after minority interests		**(6,098,261)**	**(10,684,739)**	**(3,677,556)**	**(351,224)**

Balance sheet
At 31 December

	Notes	Group 2017 USD	Group 2016 USD	Parent company 2017 USD	Parent company 2016 USD
Assets					
Fixed assets					
Goodwill		2,654,196	2,862,368	0	0
Intangible assets	10	**2,654,196**	**2,862,368**	**0**	**0**
Vessels		256,557,477	201,510,402	4,344,236	9,346,252
Vessels under construction		0	18,364,845	0	0
Other fixtures and fittings, tools and equipment		64,052	65,307	0	0
Property, plant and equipment	11	**256,621,529**	**219,940,554**	**4,344,236**	**9,346,252**
Investments in group enterprises	12	0	0	30,336,827	30,336,827
Investments in associates	13	67,814	0	67,814	0
Receivables from group enterprises	14	0	0	5,688,079	7,339,744
Other		3,313,464	3,564,167	0	0
Investments		**3,381,278**	**3,564,167**	**36,092,719**	**37,676,570**
Total fixed assets		**262,657,003**	**226,367,089**	**40,436,955**	**47,022,822**
Current assets					
Inventories		3,458,689	2,009,661	71,289	98,843
Inventories		**3,458,689**	**2,009,661**	**71,289**	**98,843**
Trade receivables		6,217,690	2,147,149	1,312,523	842,853
Receivables from group enterprises		2,697,381	306,257	21,287,142	6,377,140
Other receivables		4,006,862	5,216,275	38,403	87,715
Prepayments	15	728,089	953,932	36,509	109,236
Receivables		**13,650,022**	**8,623,613**	**22,674,577**	**7,416,944**
Cash and cash equivalents	16	**17,540,619**	**8,328,510**	**5,101,784**	**757,947**
Total current assets		**34,649,330**	**18,961,784**	**27,847,650**	**8,273,734**
Total assets		**297,306,333**	**245,328,873**	**68,284,606**	**55,296,556**

Balance sheet - continued
at 31 December

	Notes	Group 2017 USD	Group 2016 USD	Parent company 2017 USD	Parent company 2016 USD
Equity and liabilities					
Equity					
Share capital	17	48,523,306	48,523,306	48,523,306	48,523,306
Retained earnings/Accumulated profit/loss		(26,415,942)	(20,317,681)	(17,209,826)	(13,532,271)
Equity before minority		**22,107,364**	**28,205,625**	**31,313,480**	**34,991,035**
Minority interest	18	150,738	33,013	0	0
Total equity		**22,258,102**	**28,238,638**	**31,313,480**	**34,991,035**
Provisions					
Other provisions	19	329,097	6,000,000		
Total Provisions		**329,097**	**6,000,000**		
Liabilities					
Payables to group enterprise	20	26,079,979	25,367,419	31,589,257	18,116,722
Other		998,349	719,968	0	0
Long-term liabilities		**27,078,328**	**26,087,387**	**31,589,257**	**18,116,722**
Liabilities					
Bank debt	20	206,186,212	170,048,215	0	0
Trade payables		2,936,734	1,557,783	330,235	502,953
Payables to group enterprises		24,249,977	6,961,759	4,973,813	850,687
Income taxes		0	262,533	0	0
Deferred income	21	2,780,452	1,295,908	0	140,885
Other payables		11,487,431	4,876,651	77,820	694,274
Short-term liabilities		**247,640,806**	**185,002,848**	**5,381,869**	**2,188,799**
Total liabilities		**275,048,231**	**217,090,235**	**36,971,126**	**20,305,520**
Total equity and liabilities		**297,306,333**	**245,328,873**	**68,284,606**	**55,296,556**
Significant events and matters	1				
Subsequent events	2				
Security for loans	22				
Contingent assets and liabilities and other financial obligations	23				
Fees to the auditors appointed by the general meeting	24				
Related Parties	25				

Consolidated statement of changes in equity

	Share capital	*Retained Earnings/ Accumulated loss*	*Dividend*	*Minority interest*	*Total*
Equity at 31/12 2012	**37,592,935**	**8,268,999**	**0**	**0**	**45,861,934**
Transfer for the year	0	(11,509,922)	0	0	(11,509,922)
Equity at 31/12 2013	**37,592,935**	**(3,240,923)**	**0**	**0**	**34,352,012**
Transfer for the year	0	843,755	0	0	843,755
Equity at 31/12 2014	**37,592,935**	**(2,397,168)**	**0**	**0**	**35,195,767**
Share capital increase	10,930,371	0	0	0	10,930,371
Transfer for the year	0	(7,235,774)	0	(13,312)	(7,249,086)
Equity at 31/12 2015	**48,523,306**	**(9,632,942)**	**0**	**(13,312)**	**38,877,052**
Share capital increase	0	0	0	49,000	49,000
Transfer for the year	0	(10,684,739)	0	(2,675)	(10,687,414)
Equity at 31/12 2016	**48,523,306**	**(20,317,681)**	**0**	**33,013**	**28,238,638**
Share capital increase	0	0	0	0	0
Transfer for the year	0	(6,098,261)	0	117,725	(5,980,536)
Equity at 31/12 2017	**48,523,306**	**(26,415,942)**	**0**	**150,738**	**22,258,102**

Statement of changes in equity, parent company

	Share capital	*Retained earnings/ Accumulated loss*	*Proposed dividend*	*Total*
Equity at 31/12 2012	**37,592,935**	**(148,066)**	**0**	**37,444,869**
Transfer for the year	0	(6,689,530)	0	(6,689,530)
Equity at 31/12 2013	**37,592,935**	**(6,837,596)**	**0**	**30,755,339**
Transfer for the year	0	2,577,613	0	2,577,613
Equity at 31/12 2014	**37,592,935**	**(4,259,984)**	**0**	**33,332,951**
Share capital increase	10,930,371	0	0	10,930,371
Transfer for the year	0	(8,921,064)	0	(8,921,064)
Equity at 31/12 2015	**48,523,306**	**(13,181,047)**	**0**	**35,342,259**
Share capital increase	0	0	0	0
Transfer for the year	0	(351,224)	0	(351,224)
Equity at 31/12 2016	**48,523,306**	**(13,532,271)**	**0**	**34,991,035**
Share capital increase	0	0	0	0
Transfer for the year	0	(3,677,556)	0	(3,677,556)
Equity at 31/12 2017	**48,523,306**	**(17,209,826)**	**0**	**31,313,480**

Consolidated cash flow statement

	Notes	2017 USD	2016 USD
Net loss for the year		(5,980,536)	(10,687,414)
Non-cash items, etc.	26	20,939,112	18,539,121
Changes in working capital	27	3,135,468	20,016,282
Cash flows from operating activities before net financials		**18,094,045**	**27,867,989**
Interest received		9,113	0
Interest paid		(10,789,152)	(4,530,315)
Income taxes paid		0	(499)
Cash flows from operating activities		**7,314,005**	**23,337,175**
Additions of property, plant and equipment		(51,980,081)	(102,260,497)
Additions of investments		(36,115)	(109)
Cash flows from investing activities		**(52,016,196)**	**(102,260,606)**
Share capital increase		0	51,000
Intercompany loan, net		18,000,778	(6,859,233)
Borrowing costs		0	(16,160)
Repayments, long-term liabilities		(12,472,728)	(6,872,727)
Bank loans (proceeds)		48,386,250	95,797,500
Cash flows from financing activities		**53,914,300**	**82,100,380**
Net cash flow for the year		**9,212,109**	**3,176,949**
Cash and cash equivalents			
Cash and cash equivalents at 1/1		8,328,510	5,151,561
Net cash flow for the year		9,212,109	3,176,949
Cash and cash equivalents at 31/12	28	**17,540,619**	**8,328,510**

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 2017.

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 Company's own going concern assessment.

As disclosed in Note 20, other entities in the Greenship Gas Trust Group breached certain financial covenants at 31 December 2017, which has resulted in a technical cross-default on all loans at 31 December 2017. Therefore, the Greenship Gas Trust Group in due time applied for a waiver from the lenders. As per 27 June 2018, the waiver request was approved subject to additional guarantee of Greenship Gas Trust Group. Any additional guarantee of Greenship Gas Trust Group will require the consent of all Finance Parties of the Framework Agreement entered in 2017. It has been decided that the Greenship Gas Trust group will seek such a consent.

In 2018, all instalments have been paid according to agreement. 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 2017 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 reclassified as current liabilities as at 31 December 2017.

The reclassification of all loans to non-current indicates the existence of a material uncertainty, which may cast significant doubt about the Group 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 have been fixed for a longer period without taking into account any decline in market rates. For this entity, the negative results are expected to become smaller in 2018 compared to 2017 due to changes in the contractual terms of the leasing contracts. 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 activities, 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.

Cash flow forecast has been prepared for 2018, which shows that the Group and Parent company has sufficient liquidity to pay creditors as they fall due. Furthermore, freight rates have developed positively during 2018 compared to budget and 2017. 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 2017 have been prepared on a going concern basis.

Notes

Note 2. Subsequent events

In February 2018 the vessel Sigloo Hav has been taken out of operation and sold. On the 2nd of March 2018 Sigloo Hav was delivered to the buyer.

On the 9th of March a 120 days' notice of termination was given to Thome with whom Evergas has a joint venture named Evergas Ship Management. Thome has provided services such as purchasing, accounting, Vessel IT etc. to Evergas. As Evergas has found better synergies with Bourbon, these services will be managed by Bourbon offshore Asia going forward. Bourbon is a sister company of Evergas and is a leader in the offshore market with over 500 vessels. Some of the services like vessel IT will be managed in-house.

	Group		*Parent company*	
	2017 USD	**2016 USD**	**2017 USD**	**2016 USD**
Note 3. Revenue				
Segmentation of revenue on activity:				
Shipping	81,935,518	68,685,230	7,590,547	5,837,099
	81,935,518	68,685,230	7,590,547	5,837,099

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 geography or business segments.

Note 4. Other operating income/expense

Gain/loss on sale of fixed assets	0	0	0	(1,290,300)
Onerous contract	6,000,000	(6,000,000)	0	0
Service fee income	4,190,105	3,291,574	0	0
	10,190,105	(2,708,426)	0	(1,290,300)

Notes

	Group		Parent company	
	2017	2016	2017	2016
	USD	USD	USD	USD

Note 5. Employee benefit expenses

Analysis of staff costs:				
Wages and salaries	2,811,670	2,966,141	0	0
Pension costs	393,493	357,319	0	0
Other social security costs	25,090	24,858	0	0
Other staff costs	153,271	166,526	0	0
	3,383,523	3,514,844	0	0

The supervisory board has not received remuneration in 2016 and 2017. According to the Danish Financial Statements Act § 98b, the total remuneration to the executive board is not disclosed.

Average number of employees	23	24	0	0

Note 6. Amortization/depreciation and impairment of intangible assets and property, plant and equipment

Goodwill	208,172	208,172	0	0
Depreciation Vessels	11,634,473	6,866,889	1,565,029	713,376
Impairment Vessels	3,992,923	0	3,746,097	901,814
Other fixtures and fittings, tools and equipment	807	232	0	0
	15,836,375	7,075,294	5,311,126	1,615,190

Note 7. Other financial income

Interest receivable, group enterprises	0	0	552,055	321,509
Other financial income	261,533	0	0	0
Other interest receivable, exchange gains and similar income	30,400	0	306,800	0
	291,933	0	858,855	321,509

Notes

	Group		Parent company	
	2017	2016	2017	2016
	USD	USD	USD	USD
Note 8. Other financial expenses				
Write-down of receivable from group enterprises	0	0	2,987,170	(17,279)
Interest payable, group enterprises	712,560	746,585	675,513	569,672
Interest payable, exchange losses and similar expenses	10,976,342	4,716,744	102,104	66,815
	11,688,902	5,463,329	3,764,787	619,208
Note 9. Tax for the year				
Adjustment to previous years income tax	0	0	59,932	(900)
Withholding tax	0	(499)	0	0
	0	(499)	59,932	(900)

Note 10. 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	1,301,075
Amortization in the year	208,172
Amortization and write-downs at 31/12	**1,509,247**
Carrying amount at 31/12	**2,654,196**

Notes

Note 11. Property, plant and equipment

Group

	Vessels	*Vessels under construction*	*Other fixtures and fittings, tools and equipment*	*Total*
Cost				
Balance at 1/1	216,726,869	18,364,845	72,298	235,164,012
Additions in the year	1,480,793	50,499,736	0	51,980,529
Disposals in the year	0	0	-447	-447
Transfer in the year	68,864,581	(68,864,581)	0	0
Cost at 31/12	**287,072,243**	**0**	**71,851**	**287,144,094**
Depreciation and write-downs				
Balance at 1/1	15,216,456	0	6,992	15,223,448
Depreciation in the year	15,298,310	0	807	15,299,117
Depreciation and write-downs at 31/12	**30,514,766**	**0**	**7,799**	**30,523,012**
Carrying amount at 31/12	**256,557,477**	**0**	**64,052**	**256,621,529**

Parent company

	Vessels	Vessels under construction	Total
Cost			
Balance at 1/1	14,063,292	0	14,063,292
Additions in the year	309,110	0	309,110
Cost at 31/12	14,372,402	0	14,372,402
Depreciation and write-downs			
Balance at 1/1	4,717,040	0	4,717,040
Depreciation in the year	1,565,029	0	1,565,029
Write-downs of disposals	3,746,097	0	3,746,097
Depreciation and write-downs at 31/12	**10,028,166**	**0**	**10,028,166**
Carrying amount at 31/12	**4,344,236**	**0**	**4,344,236**

Note 22 provides more details on security for loans, etc., as regards property, plant and equipment. See also note 2 regarding disposals (sale of Sigloo Hav).

Notes

Note 12. Investments in group enterprises

Parent company

	Total group enterprises
Cost	
Balance at 1/1	52,058,762
Additions in the year	67,814
Cost at 31/12	**52,126,576**
Write-downs	
Balance at 1/1	21,721,935
Adjustment of investments	0
Write-downs at 31/12	**21,721,935**
Carrying amount at 31/12	**30,404,641**

Group enterprises	Domicile	Currency	Nominal Capital	Interest (%)	Equity USD	Profit/loss USD
Evergas Shipholding A/S	Denmark	USD	92,935	100	-37,265,567	-9,220,505
Evergas Management A/S	Denmark	USD	89,484	100	918,080	116,065
Evergas Ethylene A/S	Denmark	USD	96,600	100	366,026	-33,984
ESE A/S	Denmark	USD	96,508	100	58,290	-33,951
ESE 2014 K/S	Denmark	USD	1,000,000	100	53,401	14,872,256
Evergas Shipholding 2 A/S	Denmark	USD	10,318,922	100	13,232,590	-392,498
Evergas Shipholding 3 A/S	Denmark	USD	10,322,939	100	13,118,066	-1,156,118
Evergas Shipholding 18 A/S	Denmark	USD	3,247,707	100	7,484,732	3,164,682
Evergas Shipholding 19 A/S	Denmark	USD	3,312,707	100	3,675,626	1,477,163
Evergas Shipholding 20 A/S	Denmark	USD	2,899,128	100	3,157,173	346,884
Evergas Shipmanagement-Pte Ltd	Singapore	USD	51,000	51	293,131	225,464

Notes

Note 13. Investments in associates

Group / Parent

	Total group enterprises
Cost	
Balance at 1/1	0
Additions in the year	67,814
Cost at 31/12	**67,814**
Write-downs	
Balance at 1/1	0
Adjustment of investments	0
Write-downs at 31/12	**0**
Carrying amount at 31/12	**67,814**

Associates	Domicile	Currency	Nominal Capital	Interest (%)	Equity USD	Profit/loss USD
E3 Pool A/S	Denmark	USD	72,230	50	121,680	49,450

Note 14. Receivables from group enterprises (Investments)

Parent

The balance of USD 16,317,597 is falling due at 31 December 2019.

	Group		Parent company	
	2017	**2016**	**2017**	**2016**
	USD	**USD**	**USD**	**USD**
Note 15. Prepayments				
Prepaid insurance	463,356	376,025	36,509	53,870
Prepayment spare parts	0	327,024	0	0
Other prepayments	264,733	250,883	0	55,366
	728,089	953,932	36,509	109,236

Note 16. Cash and cash equivalents

Out of the balance as at 31 December 2017 USD 17,540,619 is USD 1,300,000 pledged to secure bank loans in Evergas Shipholding 2 A/S and Evergas Shipholding 3 A/S.

Notes

Note 17. Share capital

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 due to debt conversion in October 2010 of DKK 198,375,000, and a capital increase due to debt conversion in July 2015 of DKK 74,556,061

Note 18. Minority interests

	2017 USD'000	2016 USD'000
Minority 01/01	33,013	(13,312)
Adjustment prior year	144	0
Share of profit/loss for the year	117,581	(2,675)
Capital increase	0	49,000
Minority 31/12	150,738	33,013

	Group		Parent company	
	2017 USD	2016 USD	2017 USD	2016 USD
Note 19. Provisions				
Provisions at 1/1	6,000,000	0	0	0
Provision for the year	-5,670,903	6,000,000	0	0
Other provisions at 31/12	**329,097**	**6,000,000**	0	0

Other provision comprises of onerous contracts.

Notes

Note 20. 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	206,186,212	206,186,212
Payable to group enterprise	26,079,979	26,079,979	0	26,079,979
	26,079,979	26,079,979	206,186,212	232,266,191

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
Bank debt	0	0	0	0
Payable to group enterprise	31,589,257	31,589,257	0	31,589,257
	31,589,257	31,589,257	0	31,589,257

Due to the cross-default of bank debt triggered by events of default and cross-default of provisions in loan agreements by other entities in the Greenship Gas Trust Group, the lenders are unconditionally and contractually entitled to request immediate repayment of the outstanding bank debt at 31 December 2017. Thus, the non-current portion of the bank debt according amounting to USD 193,141,601, has been reclassified as current liabilities as at 31 December 2017.

Note 21. Deferred income

Deferred income includes prepaid hire from costumers covering periods after 31 December 2017.

Note 22. Security for loans

Group

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 with KfW in Evergas Shipholding 2 A/S and Evergas Shipholding 3 A/S. 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 59,675,970 in total as at 31 December 2017.

Parent company

The entirety of the 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 with KfW in Evergas Shipholding 2 A/S and Evergas Shipholding 3 A/S. 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.

Notes

Note 23. Contingent assets and liabilities and other financial obligations

	2017 USD'000	2016 USD'000
Other financial obligations, group		
Rent payments	1,130	170
Payments under other operating leases	240	113
T/C hire payments	34,560	36,000
Payments regarding Technical Management agreements	1,445	1,749
	37,375	38,032

As at 31 December 2017, Evergas Group has no tax liability that is not included in the financial statements.

Contingent liabilities, parent company

	2017 USD'000	2016 USD'000
Other financial obligations, parent company		
Payments regarding Technical Management agreement	251	290

As management Company, the company is jointly taxed with other Danish group entities. The 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.

Notes

Note 24. Fees to the auditors appointed by the company in general meeting

	Group		Parent company	
	2017	**2016**	**2017**	**2016**
	USD	**USD**	**USD**	**USD**
Fee for statutory audit E&Y	56,485	60,746	6,989	12,238
Fee for tax advice E&Y	23,815	10,315	0	0
	80,301	71,061	6,989	12,238

Note 25. Related parties

Evergas A/S and its subsidiaries related parties comprise the following:

Parties exercising control:

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

Holds of the majority of the share capital in the entity.

Related party transactions

	2017	**2016**
	USD	**USD**
Interest	579,262	520,098
Receivables from group enterprises	2,697,381	306,257
Payables to group enterprises	50,329,956	32,329,178
Parent company		
Management fee	218,250	283,827
Interest income	591,583	321,509
Interest expenses	675,513	569,672
Receivables from group enterprises	26,975,221	13,716,884
Payables to group enterprises	36,563,070	18,967,409

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

Notes

Note 26. Non-cash items, etc., cash flow statement

	2017 USD	2016 USD
Depreciation and write-downs	15,836,375	7,075,293
Financial income	(9,113)	0
Financial expenses	11,143,549	5,463,329
Onerous contracts	(6,000,000)	6,000,000
Profit share E3 Pool	(31,699)	0
Tax for the year	0	499
Total changes	20,939,112	18,539,121

Note 27. Changes in working capital, cash flow statement

	2017 USD	2016 USD
Changes in receivables	(5,026,409)	21,961,736
Changes in inventories	(1,449,028)	34,685
Changes in trade payables	1,378,951	247,497
Changes in other non-current assets	250,703	(3,564,167)
Changes in other non-current liabilities	278,381	719,968
Changes in deferred income	1,484,544	1,295,908
Changes in other payables	6,218,326	(679,345)
Total changes in working capital	3,135,468	20,016,282

Note 28. Cash and cash equivalents, cash flow statement

Cash and cash equivalents at 31/12 comprise:

	2017 USD	2016 USD
Cash	17,540,619	8,328,510
Cash and cash equivalents at 31/12	17,540,619	8,328,510

	Group		Parent company	
	2017 USD	2016 USD	2017 USD	2016 USD
Note 29. Appropriation of profit/loss				
Profit/loss to be appropriated:				
Retained earnings/Accumulated profit/loss	(20,317,681)	(9,632,942)	(13,532,271)	(13,181,047)
Net profit/loss for the year	(6,098,261)	(10,684,739)	(3,677,556)	(351,224)
Available for appropriation	(26,415,942)	(20,317,681)	(17,209,827)	(13,532,271)
Note 30. The supervisory board recommends the following appropriation of the profit/loss:				
Retained earnings/Accumulated profit/loss	(26,415,942)	(20,317,681)	(17,209,827)	(13,532,271)
Total appropriation	(26,415,942)	(20,317,681)	(17,209,827)	(13,532,271)