



Evergas Shipholding A/S

Kalvebod Brygge 39-41

DK - 1560 Copenhagen

Cvr.no. 33 24 16 15

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


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Pia Lindberg

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Company details

Evergas Shipholding A/S
Kalvebod Brygge 39-41
DK – 1560 Copenhagen
Cvr.no. 33 24 16 15

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)

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

Evergas A/S
Kalvebod Brygge 39-41
DK - 1560 Copenhagen
Cvr.no. 33 24 15 85

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 Shipholding 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 financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operations.

Further, 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

To the shareholders of Evergas Shipholding A/S

Opinion

We have audited the financial statements of Evergas Shipholding 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of USD 9.2 million during the year ended 31 December 2017 and, as of that date, the Company has negative equity by USD 37.3 million. These matters indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. As stated in Note 1, the negative equity is financed by group companies, and Management of the Company expects that such funding will continue in 2018 even though no commitments have been provided by group companies in this respect. Our opinion is not modified in respect of this matter.

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 ac-

cordance 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 Takata Mücke

State-Authorised

Public Accountant

MNE no 10944

Management's review

Business activities and mission

The objectives of the company are to carry on shipping business or other activities at home and abroad, which are in connection with shipping business as well as other transportation business and investment in companies of mentioned nature and any other business activities, which in the opinion of the Executive board are related hereto.

Business review

During 2017, the Company operated 6 vessels on time charter basis from related parties.

The Company's result for 2017 is a loss of USD 9,052,296 and the company's balance sheet at 31 December 2017 shows an equity of USD (37,097,367).

The result for 2017 is lower than expected due to lower rate level during 2017 than expected and lower utilization of the vessels than expected as well as a provision for onerous time charter agreements.

Going concern assessment

For a description of the going concern assessment at 31 December 2017, refer to note 1.

Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any significant uncertainty.

Subsequent events

On 9 March 2018, the Group terminated the Joint Venture agreement with Thome and going forward all tasks previously done by Thome will be taken over by either Bourbon or Evergas Ship Management Pte Ltd.

Otherwise there were no events subsequent to the balance sheet date, which would require adjustments to or disclosures in the company's financial statement apart from what is included in note 1.

Accounting policies

The annual report of Evergas Shipholding A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes to presentation and disclosures only

The accounting policies are consistent with those of last year.

Reporting currency

The financial statements are presented in USD, based on bookkeeping records maintained in USD. The financial statements are presented in USD to match the functional currency of the company, which is also USD. The exchange rate between USD/DKK per 31 December 2017 was 6.21 against 7.05 per 31 December 2016.

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.

Income statement

Revenue and voyage expenses

All voyage revenues and voyage expenses are recognized based on the percentage of completion. Evergas Shipholding A/S 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 external expenses

Other external expenses include expenses related to sale, administration, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items Revenue through other external expenses are combined into one line item designated Gross margin.

Accounting policies - continued

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, dividends received from group enterprises, adjustment of investments, 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 incl. Tonnage Tax Scheme 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).

The parent acts as a management company for all the companies encompassed by the joint taxation arrangement, meaning that the parent is responsible for ensuring that taxes, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are, at a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a minimum, a surcharge according to the management company.

Balance sheet

Inventories

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

Receivables

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

Prepayment

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

Accounting policies - continued

Cash and cash equivalents

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

Equity

Dividends proposed for the reporting period are presented as a separate item under 'Equity'.

Income taxes

Current tax charges are recognized in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior year's taxable income and tax paid in advance.

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

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

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 to 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 losses on 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.

Income statement

1 January – 31 December 2017

	Notes	2017 USD	2016 USD
Gross profit/loss		(8,686,314)	(12,634,921)
Employee benefit expenses	2	-	-
Loss before net financials		(8,686,314)	(12,634,921)
Other financial income	3	19,650	8,672
Other financial expenses	4	<u>(560,109)</u>	<u>(434,933)</u>
Loss before tax		(9,226,773)	(13,061,182)
Tax for the year	5	<u>6,268</u>	<u>22,320</u>
Net loss for the year		<u>(9,220,505)</u>	<u>(13,038,862)</u>

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

Appropriation of profit/loss

Profit/loss to be appropriated:

Retained earnings/Accumulated profit/loss	(28,138,006)	(15,099,144)
Net loss for the year	<u>(9,220,505)</u>	<u>(13,038,862)</u>
Available for appropriation	<u>(37,358,511)</u>	<u>(28,138,006)</u>

The supervisory board recommends the following appropriation of the profit/loss:

Retained earnings/Accumulated profit/loss	<u>(37,358,511)</u>	<u>(28,138,006)</u>
Total appropriation	<u>(37,358,511)</u>	<u>(28,138,006)</u>

Balance sheet
at 31 December

	Notes	2017 USD	2016 USD
Assets			
Current assets			
Inventories		<u>1,625,837</u>	<u>935,388</u>
Inventories		<u>1,625,837</u>	<u>935,388</u>
Trade receivables		2,838,763	1,430,296
Receivables from group enterprises		6,421,952	0
Other receivables		3,995,998	2,385,624
Prepayments		<u>91,071</u>	<u>0</u>
Receivables		<u>13,347,784</u>	<u>3,815,920</u>
Cash and cash equivalents		<u>6,491,668</u>	<u>1,373,004</u>
Total current assets		<u>21,465,289</u>	<u>6,124,312</u>
Total assets		<u>21,465,289</u>	<u>6,124,312</u>

Balance sheet
at 31 December

	Notes	2017 USD	2016 USD
Equity and liabilities			
Equity			
Share capital	6	92,935	92,935
Retained earnings/Accumulated profit/loss		<u>(37,358,511)</u>	<u>(28,138,006)</u>
Total equity		<u>(37,265,576)</u>	<u>(28,045,071)</u>
Non-current Liabilities			
Other provisions		<u>312,417</u>	<u>6,000,000</u>
Non-current liabilities		<u>312,417</u>	<u>6,000,000</u>
Liabilities			
Payables to group enterprises	7	<u>19,534,723</u>	<u>19,000,993</u>
Long-term liabilities		<u>19,534,723</u>	<u>19,000,993</u>
Trade payables		1,662,187	262,639
Payables to group enterprises	7	34,146,392	8,182,118
Other payables		2,514,566	385,201
Deferred income	8	<u>560,580</u>	<u>338,432</u>
Short-term liabilities		<u>38,883,725</u>	<u>9,168,390</u>
Total liabilities		<u>58,730,865</u>	<u>34,169,383</u>
Total equity and liabilities		<u>21,465,289</u>	<u>6,124,312</u>
Contingent assets and liabilities and other financial obligations	9		

Statement of changes in equity

	<i>Share capital</i>	<i>Retained earnings/ Accumulated loss</i>	<i>Total</i>
Equity at 31/12 2012	92,935	5,374,124	5,467,059
Transfer for the year	<u>0</u>	<u>(7,905,364)</u>	<u>(7,905,364)</u>
Equity at 31/12 2013	92,935	(2,531,240)	(2,438,305)
Transfer for the year	<u>0</u>	<u>(4,228,307)</u>	<u>(4,228,307)</u>
Equity at 31/12 2014	92,935	(6,759,547)	(6,666,612)
Transfer for the year	<u>0</u>	<u>(8,339,597)</u>	<u>(8,339,597)</u>
Equity at 31/12 2015	92,935	(15,099,144)	(15,006,209)
Transfer for the year	<u>0</u>	<u>(13,038,862)</u>	<u>(13,038,862)</u>
Equity at 31/12 2016	<u>92,935</u>	<u>(28,138,006)</u>	<u>(28,045,071)</u>
Transfer for the year	<u>0</u>	<u>(9,220,505)</u>	<u>(9,220,505)</u>
Equity at 31/12 2017	<u>92,935</u>	<u>(37,358,511)</u>	<u>(37,265,576)</u>

Notes

Note 1. Going concern

The Company has for the year generated a negative result of USD 9,221 thousand, as a result of the low market rates within the gas transportation market, with a fixed time charter hire to lessor. The result for the year is consistent with those of prior year, where the Company has also generated losses.

Equity at 31 December 2017 is negative by USD 37,266 thousand compared to a negative equity of USD 28,138 at 31 December 2016. The negative results and negative equity indicates significant uncertainties in respect of the Company's going concern assumption.

The Company has chartered 6 LEG vessels on a time charter agreement where lessor is an affiliated company within the Greenship Gas Trust Group. The rates within the contracts have previously been fixed for the forthcoming year, but a change has been made in 2018, whereby the rates will be adjusted on a quarterly basis. The change in the contractual terms will reduce the impact from potentially declining rates in the market.

The Board of Directors and Executive Management are on an ongoing basis discussing how equity can be reestablished, and how the Company can become profitable. There have been positive tendencies within the gas market from January to June 2018, which will have a positive impact on profitability of the Company going forward. Furthermore efforts are continuously made to reduce the level of expenses.

The Company is currently being financed through an intercompany arrangement with an affiliated Company, Greenship Gas SAS. Greenship Gas SAS is an affiliated Company through the parent company Greenship Gas Trust. The intercompany arrangement is without any limits, and the arrangement does not include any specific payback arrangement. The Company will repay the balance when and if there are sufficient liquidity to do so. If excluding the internal debt to Greenship Gas SAS, the Company has positive net current assets, whereby external creditors are considered to be covered.

Expectations for 2018 is that the Company will generate a minor loss, in the range of USD 400 – 600 thousand. Management has considered the liquidity needs for 2018, which shows that the Company will generate negative cash flows in 2018, which is expected to be financed by the above intercompany arrangement.

Based on the abovementioned circumstances, Management has prepared the financial statements for 2018 based on a going concern assumption.

Note 2. Employee benefit expenses

No salaries and wages for the year have been paid as the Company has no employees.

Note 3. Other financial income

Other interest receivable, currency gains etc.	<u>19,650</u>	<u>8,672</u>
	<u>19,650</u>	<u>8,672</u>

Notes – continued

	2017 USD	2016 USD
Note 4. Other financial expenses		
Interest payable, group enterprises	533,730	425,950
Interest payable, bank	3	42
Interest payable, exchange losses and similar expenses	<u>26,376</u>	<u>8,941</u>
	<u>560,109</u>	<u>434,933</u>
Note 5. Tax for the year		
Adjustment to previous years income tax	<u>(6,268)</u>	<u>(22,320)</u>
Total	<u>(6,268)</u>	<u>(22,320)</u>

The company is jointly taxed with its parent, Evergas A/S, which acts as management Company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Note 6. Share capital

The company's share capital, USD 92,935, nominal amount of DKK 500,000 consist of 500.000 A-shares of DKK 1 per share.

The share capital was paid at the company's inception October 6 2010. The share capital has remained unchanged since inception.

Note 7. Payables to group enterprises

Breakdown of payable to group by long-term and short-term liabilities:

	Falling due between 1 and 5 years	Falling due within 1 year	Total
Payables to group enterprises	<u>19,534,723</u>	<u>34,146,392</u>	<u>50,681,115</u>
	<u>19,534,723</u>	<u>34,146,391</u>	<u>50,681,115</u>

Note 8. Deferred income

Deferred income is payable amounts to the E3 Pool / framework agreement

Note 9. Contingent liabilities and other financial obligations

As at 31 December 2017 the Company had operational lease commitments of USD'000 34,560 relating to T/C hire payments payable to related parties.

The company is jointly taxed with its parent, Evergas A/S, which acts as management Company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.