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**Baltic Petroleum K/S  
Stamholmen 153  
2650 Hvidovre - Copenhagen**

**THE ANNUAL REPORT  
The year 2017**

**CVR-nr: 34 22 10 30**

Approved at the General Meeting, the 27, 062018



Chairman

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## COMPANY INFORMATION

**Company number:** 34 22 10 30

**Executive board:** Roy Dennis Tolfts

**Audit** Kvist Revision  
Godkendt Revisionsvirksomhed  
CPH Business Park  
Stamholmen 153  
DK 2650 Hvidovre - Copenhagen  
  
CVR-no.: 37218707

## MANAGEMENT'S STATEMENT

The Annual Report has been prepared in conformity with the Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Company's assets, equity, liabilities and financial position at 31. December 2017 and of its financial performance for the period 1. January - 31. December 2017.

In my opinion the Management commentary includes a fair review of the matters described.

Copenhagen, 27/02/2018



Roy Dennis Tolfts

## INDEPENDENT AUDITOR'S REPORT

To the shareholders in Baltic Petroleum K/S

### Auditor's report on the financial statements

#### Conclusion

We have audited the Financial Statements of Baltic Petroleum K/S for the period 1. januar - 31. december 2017, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31. december 2017, and of the results of the Company operations for the period 1. januar - 31. december 2017 in accordance with the Danish Financial Statements Act.

#### Basis for conclusion

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

#### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in conformity with the Danish Financial Statements Act. Management is also responsible for the internal control that it deems necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor responsible for auditing the financial statements

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

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

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

## INDEPENDENT AUDITOR'S REPORT

effectiveness of the company's internal control.

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

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

### **Statement on Management commentary**

Management is responsible for Management's Review

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

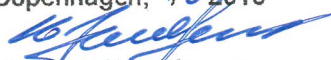
Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Financial Statements Act.

Except for this matter and based on the procedures performed, it is our opinion that the management commentary is consistent with the financial statements and has been prepared in accordance with the criteria laid down in the Financial Statements Act.

### **Emphasis of matter relating to other matters**

We do not have access til the compagny's financial annx or got files with the documents. We do not have the opportunity to audit at the company's domicile, which is the norm in companies of this size. This makes the audit more difficult as files with all financial attachments in companies of this size will not be a satisfactory way to make an audit. The audit must be made at the company's headquarters.

Copenhagen, 27/6/2018



Carsten Kvist Jensen  
Registered Public Accountant  
Member of FSR – Danish Auditors

## MANAGEMENT COMMENTARY

As in previous years, the main activities of the Company were trade.

The Company has continued its operations. No significant one-off events occurred in the financial year that need to be included in the management commentary.

The performance and results for the year are considered satisfactory.

No events have occurred after the reporting date that may materially affect the financial position of the company.

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## ACCOUNTING POLICIES

### GENERAL INFORMATION

The financial statements of Baltic Petroleum K/S for the financial year 2017 have been prepared in conformity with the provisions of the Financial Statements Act on class B enterprises.

The accounting policies applied in the financial statements are consistent with those of the previous year. The reporting currency is USD.

#### Recognition and measurement in general

The financial statements have been prepared under the historical cost convention.

Income is recognised in the income statement when earned. Value adjustments of financial assets and liabilities measured at fair value or amortised cost are also recognised in the income statement. Costs incurred to generate the earnings for the year are also recognised in the income statement, including amortisation, depreciation, impairment losses and provisions as well as reversals resulting from changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future financial benefits will flow to the Company and it is possible to obtain a reliable measurement of the individual assets.

Liabilities are recognised in the balance sheet when it is probable that future financial benefits will flow from the Company and it is possible to obtain a reliable measurement of the individual liabilities.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item.

Certain financial assets and liabilities are measured at amortised cost, whereby a constant effective interest rate is recognised over the life of the individual asset or liability. Amortised cost is determined as original cost less any repayments and with the addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

Anticipated losses and risks arising before the presentation of the financial statements and confirming or disconfirming facts and circumstances known at the reporting date are taken into consideration at recognition and measurement.

The functional currency used is USD. All other currencies are considered foreign currencies.

#### General information

Certain income and expenses have been aggregated in the item designated 'Gross profit' with reference to section 32 of the Financial Statements Act.

#### Gross profit

Gross profit is a combination of the items of 'Revenue', 'Change in inventories of finished goods, work in progress and goods for resale', 'Other operating income', 'Cost of raw materials and consumables' and 'Other external costs'.

#### Administrative expenses

Administrative expenses include expenses for Management and administrative staff, office expenses, amortisation and depreciation, etc.

### BALANCE SHEET

#### Receivables

Receivables are measured at amortised cost, which normally corresponds to the nominal value. The value is reduced by an allowance for expected impairment losses.

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## ACCOUNTING POLICIES

Impairment of accounts receivable past due is established on individual assessment of receivables.

### **Payables**

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between proceeds and nominal value is recognised in the income statement over the life of the financial instrument(s).

Other payables, comprising trade payables and amounts owed to Group enterprises and associates and other accounts payable, are measured at amortised cost, which normally corresponds to the nominal value.

INCOME STATEMENT  
1. JANUARY - 31. DECEMBER 2017

	2017 USD	2016 TUSD
<b>GROSS PROFIT</b> .....	<b>5.487.000</b>	<b>-566</b>
Amortisation, depreciation and impairment losses - intangible assets and property, plant and equipment .....	0	-161
<b>OPERATING PROFIT OR LOSS</b> .....	<b>5.487.000</b>	<b>-727</b>
Other financial expenses .....	-4.518.000	-117
<b>PROFIT OR LOSS FOR THE YEAR</b> .....	<b>969.000</b>	<b>-844</b>
 <b>PROPOSED DISTRIBUTION OF NET PROFIT</b>		
Retained earnings .....	969.000	-844
<b>SETTLEMENT OF DISTRIBUTION TOTAL</b> .....	<b>969.000</b>	<b>-844</b>

BALANCE SHEET AT 31. DECEMBER 2017  
ASSETS

	2017 USD	2016 TUSD
Trade receivables .....	13.800.000	12.531
Other receivables .....	2.972.000	0
<b>Receivables .....</b>	<b>16.772.000</b>	<b>12.531</b>
<b>Cash .....</b>	<b>5.245.000</b>	<b>1.518</b>
<b>CURRENT ASSETS .....</b>	<b>22.017.000</b>	<b>14.049</b>
<b>ASSETS .....</b>	<b>22.017.000</b>	<b>14.049</b>

BALANCE SHEET AT 31. DECEMBER 2017  
EQUITY AND LIABILITIES

	2017 USD	2016 TUSD
Contributed capital .....	980.081	13
Retained earnings .....	-13.905.081	-14.874
<b>1 EQUITY</b> .....	<b>-12.925.000</b>	<b>-14.861</b>
Other accounts payable .....	0	631
<b>Long-term payables</b> .....	<b>0</b>	<b>631</b>
Credit institutions .....	20.852.000	632
Trade creditors .....	13.566.000	27.647
Accruals .....	524.000	0
<b>Short-term payables</b> .....	<b>34.942.000</b>	<b>28.279</b>
<b>PAYABLES</b> .....	<b>34.942.000</b>	<b>28.910</b>
<b>EQUITY AND LIABILITIES</b> .....	<b>22.017.000</b>	<b>14.049</b>

NOTES

	Opening balance	Capital contribution from capital owners	Proposed distribution of net profit	Closing balance
<b>1 Equity</b>				
Contributed capital.....	13.285	966.796	0	980.081
Retained earnings .....	-14.874.081	0	969.000	-13.905.081
	<u>-14.860.796</u>	<u>966.796</u>	<u>969.000</u>	<u>-12.925.000</u>