

The English part of this document is an unofficial translation of the original Danish text. In case of discrepancies, the Danish version shall apply.

**Baltic Petroleum K/S
Lumringsbro 3 A
2670 Greve**

**THE ANNUAL REPORT
The year 2018**

CVR-nr: 34 22 10 30

Approved at the General Meeting, the 1 / 08 2019

Chairman

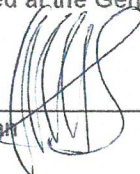
A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned over a horizontal line.

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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

MANAGEMENT'S STATEMENT

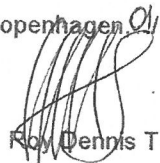
The Annual Report has been prepared in conformity with the Financial Statements Act.

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 2018 and of its financial performance for the period 1. January - 31. December 2018.

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

We recommend that the Annual Report be approved by the Annual General Meeting.

Copenhagen, 21/02/2019


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. January - 31. December 2018, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the 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.

Other matters regarding the audit

The management did not want us to have carried out the audit at the company's domicile and we have therefore not been able to discuss the audit with the company's management and other senior employees. It is our opinion that revisions of companies of this size cannot take place as distance audits.

We must therefore make reservations about the valuations regardless of whether the long-distance audit has not found any indications of errors.

Other matter

The company is without a permanent establishment in Denmark and the company's management is exercised by a nominee director. These events have the interest of the authorities

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

INDEPENDENT AUDITOR'S REPORT

or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 the Management's review

Management is responsible for the 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.

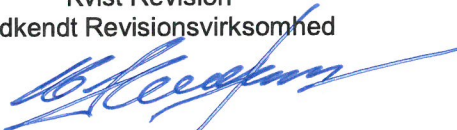
Moreover, it is our responsibility to consider whether the Management's Review provides the information required under the Financial Statements Act.

Based on the work we have performed, we conclude that the Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Financial Statements Act. We did not identify any material misstatements in the Management's review.

INDEPENDENT AUDITOR'S REPORT

Copenhagen 18 2019

Kvist Revision
Godkendt Revisionsvirksomhed



Carsten Kvist Jensen
Registered Public Accountant
Member of FSR – Danish Auditors
Auditors ID: MNE5614

MANAGEMENT COMMENTARY

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

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

Expected development, including special assumptions and uncertain factors

Management expects unchanged results for the coming accounting periods.

ACCOUNTING POLICIES

GENERAL INFORMATION

The financial statements of Baltic Petroleum K/S for the financial year 2018 have been prepared in conformity with the provisions of the Financial Statements Act on large class C 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.

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.

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

ACCOUNTING POLICIES

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.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, changes in cash and cash equivalents during the period and changes in its cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities

The cash flow relating to operating activities is determined by adjusting [profit/loss] for the year by the change in working capital and non-cash income statement items, such as amortisation, depreciation and impairment losses and provisions. Working capital is current assets less short-term payables (exclusive of items included in cash and cash equivalents).

Cash and cash equivalents

Cash and cash equivalents comprise the items of 'Cash' recognised under current assets and 'Bank overdrafts' recognised under short-term debt.

The cash flow statement cannot be derived directly from published accounting records.

INCOME STATEMENT
1. JANUARY - 31. DECEMBER 2018

	2018 USD	2017 TUSD
GROSS PROFIT	29.262.000	5.487
Impairment of current assets	-5.128.000	0
OPERATING PROFIT OR LOSS	24.134.000	5.487
Other financial expenses	-17.223.000	-4.518
PROFIT OR LOSS FOR THE YEAR	6.911.000	969

BALANCE SHEET AT 31. DECEMBER 2018

ASSETS

	2018 USD	2017 TUSD
Trade receivables	20.994.000	13.800
Other receivables.....	10.000	2.972
Receivables	21.004.000	16.772
Cash	5.873.000	5.245
CURRENT ASSETS.....	26.877.000	22.017
ASSETS.....	26.877.000	22.017

BALANCE SHEET AT 31. DECEMBER 2018
EQUITY AND LIABILITIES

	2018 USD	2017 TUSD
Contributed capital.....	980.081	980
Retained earnings.....	-6.994.081	-13.905
2 EQUITY.....	-6.014.000	-12.925
Other accounts payable.....	19.363.000	0
Long-term payables.....	19.363.000	0
Credit institutions	1.531.000	20.852
Trade creditors.....	1.371.000	13.566
Other accounts payable.....	10.601.000	0
Accruals	25.000	524
Short-term payables	13.528.000	34.942
PAYABLES	32.891.000	34.942
EQUITY AND LIABILITIES	26.877.000	22.017
3 Contractual obligations and contingent items, etc.		
4 Charges and securities		

NOTES

	2018 USD	2017 TUSD
1 Number of people employed		
Number of persons employed on average	<u>1</u>	<u>1</u>

	Opening balance	Proposed distribution of net profit	Closing balance
2 Equity			
Contributed capital	980.081	0	980.081
Retained earnings.....	-13.905.081	6.911.000	-6.994.081
	<u>-12.925.000</u>	<u>6.911.000</u>	<u>-6.014.000</u>

3 Contractual obligations and contingent items, etc.

None

4 Charges and securities

None