
TCT Shipping Holding ApS

Tuborg Parkvej 10, DK-2900 Hellerup

Annual Report for 1 January - 31 December 2018

CVR No 37 32 37 64

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
25/6 2019

Jesper Ringsholm
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of TCT Shipping Holding ApS for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hellerup, 25 June 2019

Executive Board

Thomas Nørballe Mikkelsen

Board of Directors

Thor Stadil
Chairman

Thomas Nørballe Mikkelsen

Ernesto Walter Schonbrod
Brauhardt

Independent Auditor's Report

To the Shareholder of TCT Shipping Holding ApS

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for adverse opinion paragraph, the Financial Statements do not give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of TCT Shipping Holding ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Adverse Opinion

The Company has a significant negative equity. Negotiations with the Company's investors are being conducted about contribution of capital, making financing available for the continued operations of the Company. No binding capital or financing agreements have been entered into. Thus, the assumption that Company is able to continue on a going concern basis is subject to uncertainty.

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 adverse 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 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.

Independent Auditor's Report

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 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 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.

Independent Auditor's Report

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.

Hellerup, 25 June 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Line Hedam
State Authorised Public Accountant
mne27768

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Company Information

The Company

TCT Shipping Holding ApS
Tuborg Parkvej 10
DK-2900 Hellerup

CVR No: 37 32 37 64
Financial period: 1 January - 31 December
Municipality of reg. office: Gentofte

Board of Directors

Thor Stadil, Chairman
Thomas Nørballe Mikkelsen
Ernesto Walter Schonbrod Brauhardt

Executive Board

Thomas Nørballe Mikkelsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2018 USD	2017 USD
Other external expenses		-13.235	-4.833
Gross profit/loss		-13.235	-4.833
Profit/loss before financial income and expenses		-13.235	-4.833
Other financial income	4	3.526.472	5
Other financial expenses	5	-3.520.709	-6.726.854
Profit/loss before tax		-7.472	-6.731.682
Tax on profit/loss for the year	6	-218	1.649
Net profit/loss for the year		-7.690	-6.730.033

Distribution of profit

Proposed distribution of profit

Retained earnings		-7.690	-6.730.033
		-7.690	-6.730.033

Balance Sheet 31 December

	<u>Note</u>	<u>2018</u> USD	<u>2017</u> USD
Assets			
Investments in subsidiaries		0	0
Receivables from group enterprises		395.667	3.536.990
Receivables		395.667	3.536.990
Currents assets		395.667	3.536.990
Assets		395.667	3.536.990
Liabilities and equity			
Share capital		9.896	9.896
Retained earnings		-10.286.584	-10.278.894
Equity		-10.276.688	-10.268.998
Trade payables		11.919	12.152
Payables to group enterprises		10.660.436	13.793.836
Short-term debt		10.672.355	13.805.988
Debt		10.672.355	13.805.988
Liabilities and equity		395.667	3.536.990
Capital resources	1		
Key activities	2		
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Statement of Changes in Equity

	<u>Share capital</u> USD	<u>Retained earnings</u> USD	<u>Total</u> USD
Equity at 1 January	9.896	-10.278.894	-10.268.998
Net profit/loss for the year	0	-7.690	-7.690
Equity at 31 December	9.896	-10.286.584	-10.276.688

The Share Capital amounts to DKK 67.590

Notes to the Financial Statements

1 Capital resources

The Company is financed by bottomry and group loans. In order for the Company to continue as a going concern, it must be possible to extend the existing loan agreements and to procure liquidity for continued operations. At this time, no agreements securing continued operations have been made. Consequently, the Company's ability to continue as a going concern, and thus its ability to meet its commitments as they fall due, is subject to uncertainty. Management expects financing to be procured to continue the planned activities.

2 Key activities

The activity of the Company is investment in and operations of assets and companies with relations to ships and operation of ships.

3 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

4 Other financial income

	2018 USD	2017 USD
Interest received from group enterprises	3.526.406	0
Other financial income	66	0
Exchange adjustments	0	5
	<u>3.526.472</u>	<u>5</u>

5 Other financial expenses

Financial expenses group enterprises	3.520.663	6.726.780
Other financial expenses	0	74
Exchange loss	46	0
	<u>3.520.709</u>	<u>6.726.854</u>

Notes to the Financial Statements

	2018	2017
	USD	USD
6 Tax on profit/loss for the year		
Current tax for the year	0	-1.078
Adjustment of tax concerning previous years	218	-571
	218	-1.649

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Thornico A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

There are no security and contingent liabilities at 31 December 2018.

8 Related parties

The Company is part of the Consolidated annual report of the parent company

Name	Place of registered office
Thornico A/S	Odense, Danmark

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of TCT Shipping Holding ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2018 are presented in USD with exchanges rate USD 561,91 at 31 December 2018 (31 December 2017 - USD 620,77).

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Thornico A/S, the Company has not prepared consolidated financial statements.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income Statement

Other external expenses

Other external expenses comprise office expenses, etc.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

9 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at USD 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax

Notes to the Financial Statements

9 Accounting Policies (continued)

entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.