Thorco Capital III ApS

Tuborg Parkvej 10, DK-2900 Hellerup

Annual Report for 1 January - 31 December 2017

CVR No 37 55 74 63

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15/6 2018

Thor Stadil
Chairman

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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Thorco Capital III ApS 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 financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Hellerup, 15 June 2018

Executive Board

Ronald Lambertus Maria Bouwens   Thor Stadil

Independent Auditor's Report

To the Shareholder of Thorco Capital III ApS

Opinion
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's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Thorco Capital III ApS for the financial year 1 January - 31 December 2017, 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 opinion
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.

Statement on Management's Review
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 Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 misstate-

ment, 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'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.

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, 15 June 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Line Hedam	Bo Schou-Jacobsen
State Authorised Public Accountant	State Authorised Public Accountant
mne27768	mne28703

Company Information

The Company	Thorco Capital III ApS Tuborg Parkvej 10 DK-2900 Hellerup CVR No: 37 55 74 63 Financial period: 1 January - 31 December Financial year: 2nd financial year Municipality of reg. office: Gentofte
Executive Board	Ronald Lambertus Maria Bouwens Thor Stadil
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Key activities

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

Development in the year

The income statement of the Company for 2017 shows a profit of USD 955,633, and at 31 December 2017 the balance sheet of the Company shows equity of USD 953,515.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2017 USD	18 March - 31 December 2016 USD
Gross profit/loss		**752,127**	**-39,640**
Income from investments in subsidiaries		75,619	-4,781
Income from investments in associates		299,297	0
Financial income		0	26,526
Financial expenses		-4,092	-22
Profit/loss before tax		**1,122,951**	**-17,917**
Tax on profit/loss for the year	2	-167,318	2,890
Net profit/loss for the year		**955,633**	**-15,027**

Distribution of profit

Proposed distribution of profit

Reserve for net revaluation under the equity method	370,133	0
Retained earnings	585,500	-15,027
	955,633	**-15,027**

Balance Sheet 31 December

Assets

	Note	2017	2016
		USD	USD
Investments in subsidiaries	3	241,793	194,963
Investments in associates	4	333,473	0
Fixed asset investments		**575,266**	**194,963**
Fixed assets		**575,266**	**194,963**
Receivables from group enterprises		3,987,583	0
Other receivables		68	0
Corporation tax		0	2,890
Receivables		**3,987,651**	**2,890**
Cash at bank and in hand		**7,970**	**7,470**
Currents assets		**3,995,621**	**10,360**
Assets		**4,570,887**	**205,323**

Balance Sheet 31 December

Liabilities and equity

	Note	2017	2016
		USD	USD
Share capital		7,521	7,521
Reserve for net revaluation under the equity method		375,521	0
Retained earnings		570,473	-15,027
Equity		**953,515**	**-7,506**
Trade payables		4,776	0
Payables to group enterprises		1,315,778	212,120
Other payables		2,296,818	709
Short-term debt		**3,617,372**	**212,829**
Debt		**3,617,372**	**212,829**
Liabilities and equity		**4,570,887**	**205,323**
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Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	USD	USD	USD	USD
Equity at 1 January	7,521	0	-15,027	-7,506
Exchange adjustments relating to foreign entities	0	5,388	0	5,388
Net profit/loss for the year	0	370,133	585,500	955,633
Equity at 31 December	**7,521**	**375,521**	**570,473**	**953,515**

Notes to the Financial Statements

1 Subsequent events

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

2 Tax on profit/loss for the year

	2017	18 March - 31 December 2016
	USD	USD
Current tax for the year	167,318	-2,890
	167,318	**-2,890**

3 Investments in subsidiaries

	2017	2016
	USD	USD
Cost at 1 January	199,745	0
Additions for the year	0	199,745
Transfers for the year	-33,596	0
Cost at 31 December	166,149	199,745
Value adjustments at 1 January	-4,782	-4,782
Exchange adjustment	4,807	0
Net profit/loss for the year	75,619	0
Value adjustments at 31 December	75,644	-4,782
Carrying amount at 31 December	**241,793**	**194,963**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Thorco Shipping America Inc	USA	75%	261,708	69,268
Thorco Shipping Germany GmbH	Bremen	60%	75,852	8,887
Thorco Shipping Hong Kong Ltd.	Hong Kong	100%	0	0

Notes to the Financial Statements

	2017	2016
	USD	USD
4 Investments in associates		
Cost at 1 January	0	0
Transfers for the year	33,596	0
Cost at 31 December	33,596	0
Value adjustments at 1 January	0	0
Exchange adjustment	580	0
Net profit/loss for the year	299,297	0
Value adjustments at 31 December	299,877	0
Carrying amount at 31 December	**333,473**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
SCG Holding B.V.	Groningen	20%	1,667,371	1,643,386

5 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 further securities and contingent liabilitites at 31 December 2017.

Notes to the Financial Statements

6 Related parties

The Company is included in the Group Annual Report of:

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

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Thorco Capital III ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in USD with exchange rate USD 620.77 at 31 December 2017 (31 December 2016 - USD 705.28).

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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.

Translation policies

USD is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt

Notes to the Financial Statements

7 Accounting Policies (continued)

arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from management services is recognised when the risks and rewards relating to the services delivered have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for office and administration etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

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 enterprises in the Group joint taxation. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

7 **Accounting Policies** (continued)

Balance Sheet

Investments in subsidiaries and associates

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

The items"Investments in subsidiaries" and "Investments in associates" 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 with deduction or addition of unrealised inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates 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 and the associates.

Subsidiaries and associates 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 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.

Notes to the Financial Statements

7 **Accounting Policies** (continued)

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.