Thorco Projects A/S

Tuborg Parkvej 10, DK-2900 Hellerup

Annual Report for 1 January - 31 December 2017

CVR No 37 74 53 24

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

Thor Stadil
Chairman

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Thorco Projects 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 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

Thomas Nørballe Mikkelsen
CEO

Board of Directors

Thor Stadil Chairman	Ernesto Walter Schonbrod Brauhardt	Ronald Lambertus Maria Bouwens

Independent Auditor's Report

To the Shareholder of Thorco Projects A/S

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 Projects A/S 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 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'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 Authorized Public Accountant	State Authorized Public Accountant
mne27768	mne28703

Company Information

The Company	Thorco Projects A/S Tuborg Parkvej 10 DK-2900 Hellerup CVR No: 37 74 53 24 Financial period: 1 January - 31 December Financial year: 2nd financial year Municipality of reg. office: Gentofte
Board of Directors	Thor Stadil , Chairman Ernesto Walter Schonbrod Brauhardt Ronald Lambertus Maria Bouwens
Executive Board	Thomas Nørballe Mikkelsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a two-year period, the development of the Company is described by the following financial highlights:

	2017	2016
	TUSD	TUSD
Key figures		
Profit/loss		
Gross profit/loss	2,282	1,027
Profit/loss before financial income and expenses	2,282	1,027
Net financials	-537	5
Net profit/loss for the year	1,477	803
Balance sheet		
Balance sheet total	19,059	14,038
Equity	3,283	1,800
Ratios		
Return on assets	12.0%	32.4%
Solvency ratio	17.2%	12.8%
Return on equity	58.1%	89.2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Financial Statements of Thorco Projects A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The primary activities of the Company are to carry out shipping, chartering and other shipping related activities within the Multi Purpose & Project segment. Further, the Company successfully expanded its activities into the dry bulk segment during the financial year of 2017.

The Multi Purpose & Project segment is still the core business of the Company.

Development in the year

The income statement of the Company for 2017 shows a profit of USD 1,477,424, and at 31 December 2017 the balance sheet of the Company shows equity of USD 3,282,826.

The market conditions in 2017 remained very difficult. However, Thorco Projects A/S has succeeded to remain its leading position in the Multi Purpose & Project segment through strong focus on parceling capabilities, customized solutions and dedicated employees.

The result for 2017 is considered satisfactory.

Outlook for 2018

By the end of 2017 the freight rates in the Multi Purpose and Project segment started to improve, and it is expected that the positive trend will continue in 2018, which will have a positive influence on Thorco Projects A/S result.

Statement in compliance with section 99 (a) and 99 (b) of the Danish Financial StatementsAct.

Statutory statements on corporate social responsibility and the underrepresented gender, cf sections 99 a and 99 b of the Danish Financial Statements Act Reference is made to Parent Company Thornico A/S CSR report including policy on gender equality. The report can be found on the following website: http://www.thornico.com/CompanyKarma/CompanyKarma-Report.

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	24 May - 31 December 2016 USD
Gross profit/loss		**2,282,493**	**1,026,935**
Staff expenses	2	0	0
Profit/loss before financial income and expenses		**2,282,493**	**1,026,935**
Income from investments in subsidiaries	3	948,127	-7,521
Financial income		52,299	44,311
Financial expenses	4	-1,537,042	-31,483
Profit/loss before tax		**1,745,877**	**1,032,242**
Tax on profit/loss for the year	5	-268,453	-228,748
Net profit/loss for the year		**1,477,424**	**803,494**

Balance Sheet 31 December

Assets

	Note	2017	2016
		USD	USD
Investments in subsidiaries	6	953,515	0
Fixed asset investments		**953,515**	**0**
Fixed assets		**953,515**	**0**
Inventories		**3,344,484**	**984,136**
Trade receivables		2,756,091	2,029,335
Receivables from group enterprises		9,763,084	11,006,017
Prepayments	7	809,781	936
Receivables		**13,328,956**	**13,036,288**
Cash at bank and in hand		**1,431,667**	**17,951**
Currents assets		**18,105,107**	**14,038,375**
Assets		**19,058,622**	**14,038,375**

Balance Sheet 31 December

Liabilities and equity

	Note	2017	2016
		USD	USD
Share capital		996,520	996,520
Reserve for net revaluation under the equity method		945,994	0
Retained earnings		1,340,312	803,494
Equity		**3,282,826**	**1,800,014**
Credit institutions		0	12
Trade payables		6,256,139	2,883,371
Payables to group enterprises		6,500,832	7,700,963
Other payables		31,568	63,616
Deferred income	9	2,987,257	1,590,399
Short-term debt		**15,775,796**	**12,238,361**
Debt		**15,775,796**	**12,238,361**
Liabilities and equity		**19,058,622**	**14,038,375**
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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	996,520	0	803,494	1,800,014
Exchange adjustments	0	5,388	0	5,388
Net profit/loss for the year	0	940,606	536,818	1,477,424
Equity at 31 December	**996,520**	**945,994**	**1,340,312**	**3,282,826**

The companys share capital amounts to TDKK 6.700.

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 Staff expenses

The company has no employees.

	2017 USD	24 May - 31 December 2016 USD

3 Income from investments in subsidiaries

Share of profits of subsidiaries	948,127	-7,521
	948,127	**-7,521**

4 Financial expenses

Financial expenses to group enterprises	721,663	2,583
Other financial expenses	61,585	28,900
Exchange loss	753,794	0
	1,537,042	**31,483**

5 Tax on profit/loss for the year

Current tax for the year	270,138	228,748
Adjustment of tax concerning previous years	-1,685	0
	268,453	**228,748**

Notes to the Financial Statements

	2017	2016
	USD	USD
6 Investments in subsidiaries		
Cost at 1 January	7,521	0
Additions for the year	0	7,521
Cost at 31 December	7,521	7,521
Value adjustments at 1 January	-7,521	0
Exchange adjustment	5,388	0
Net profit/loss for the year	948,127	-7,521
Value adjustments at 31 December	945,994	-7,521
Carrying amount at 31 December	**953,515**	**0**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Thorco Capital III ApS	Gentofte	USD 7,521	100%	953,515	955,633

7 Prepayments

Prepayments consist of prepaid expenses concerning T/C hire and insurance premiums.

	2017	24 May - 31 December 2016
	USD	USD
8 Distribution of profit		
Reserve for net revaluation under the equity method	940,606	0
Retained earnings	536,818	803,494
	1,477,424	**803,494**

Notes to the Financial Statements

9 Deferred income

Deferred income consists of payments received on income from ongoing voyages relating to the subsequent year.

	2017	2016
	USD	USD

10 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2017 USD	2016 USD
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	12,409,098	7,000,000
	12,409,098	**7,000,000**

Other 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.

Claims have been made against the Company, primarily concerning its role as pool manager and cost for ship damages etc. The Company and its legal advisors consider the claims unjustified and do not perceive that the Company will incur any losses as a result of the actions for damages. The maximum risk is assessed to be USD 3.7 millions.

11 Group relation

The Company is included in the Group Annual Report of the Parent Company:

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

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of Thorco Projects A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

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 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.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Thornico A/S, the Company has not prepared a cash flow statement.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the

12 Accounting Policies (continued)

balance sheet date.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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 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 sales (chartering income) is recognised in the income statement when the charter is finalised based on the following criteria:
- finalization of the charter before year end
- the charter income has been determined; and payment has been received or may with reasonable certainty be expected to be received.

Chartering in progress is recognised at the rate of completion of the charter, which means that revenue

Notes to the Financial Statements

12 Accounting Policies (continued)

equals the charter income from the travelling activity for the year. This method is applied when total revenues and expenses in respect of the charter at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, 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.

Vessel operating costs

Vessel operating costs comprise the costs to achieve for the year.

Other external expenses

Other external expenses comprise expenses incurred to achieve the revenue for the year as well as expenses for premises and office expenses, etc.

Gross profit/loss

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

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.

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 Group enterprises. 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 with deduction or addition of unrealised intercompany 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 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.

Inventories

Inventories comprise bunkers and are measured at the lower of cost under the FIFO method and net realisable value.

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.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums and T/C hire.

Financial debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

12 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$