Thorco Svendborg ApS

Havnegade 36, DK-5000 Odense C

Annual Report for 1 January - 31 December 2018

CVR No 37 87 74 41

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31/5 2019

Jesper Ringsholm
Chairmen of the General Meeting

Contents

Management's Statement

The Executive Board has today considered and adopted the Annual Report of Thorco Svendborg ApS for the financial year 1 January - 31 December 2018.

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

In my 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.

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

Hellerup, 31 May 2019

Executive Board

Thor Stadil
CEO

The Annual General Meeting has decided that the Financial Statements for next year are not to be subject to any audit.

Independent Auditor's Report

To the Shareholder of Thorco Svendborg 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 Thorco Svendborg 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.

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 consi-

dered 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.

Independent Auditor's Report

Hellerup, 31 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Line Hedam
State Authorized Public Accountant
mne27768

Bo Schou-Jacobsen
State Authorized Public Accountant
mne28703

Company Information

The Company	Thorco Svendborg ApS Havnegade 36 DK-5000 Odense C CVR No: 37 87 74 41 Financial period: 1 January - 31 December Financial year: 2nd financial year Municipality of reg. office: Odense
Executive Board	Thor Stadil
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2018	2017
		USD	USD
Gross profit/loss		**3,561**	**-1,299,208**
Financial income	4	237,231	9,681
Financial expenses	5	-3,711	-75,997
Profit/loss before tax		**237,081**	**-1,365,524**
Tax on profit/loss for the year	6	-56,906	284,099
Net profit/loss for the year		**180,175**	**-1,081,425**

Distribution of profit

Proposed distribution of profit

Retained earnings	180,175	-1,081,425
	180,175	**-1,081,425**

Balance Sheet 31 December

	Note	2018	2017
		USD	USD

Assets

	Note	2018	2017
Receivables from group enterprises		0	23,269
Other receivables		10,231	10,231
Receivables		**10,231**	**33,500**
Cash at bank and in hand		**3,319**	**50**
Currents assets		**13,550**	**33,550**
Assets		**13,550**	**33,550**

Liabilities and equity

	Note	2018	2017
Share capital		8,055	8,055
Retained earnings		-901,250	-1,081,425
Equity		**-893,195**	**-1,073,370**
Credit institutions		0	84
Trade payables		476	1,088
Payables to group enterprises		904,658	1,104,137
Other payables		1,611	1,611
Short-term debt		**906,745**	**1,106,920**
Debt		**906,745**	**1,106,920**
Liabilities and equity		**13,550**	**33,550**
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	USD	USD	USD
Equity at 1 January	8,055	-1,081,425	-1,073,370
Net profit/loss for the year	0	180,175	180,175
Equity at 31 December	**8,055**	**-901,250**	**-893,195**

The Company's share capital amounts to TDKK 50.

Notes to the Financial Statements

1 Key activities

The Company's main activity is shipping.

2 Capital resources

The Company is financed by 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.

3 Subsequent events

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

	2018	2017
	USD	USD

4 Financial income

Financial income from group enterprises	237,010	0
Other financial income	12	9,681
Exchange gains	209	0
	237,231	**9,681**

5 Financial expenses

Financial expenses to group enterprises	3,050	74,167
Other financial expenses	0	1,076
Exchange loss	661	754
	3,711	**75,997**

6 Tax on profit/loss for the year

Current tax for the year	-687	-284,099
Adjustment of tax concerning previous years	57,593	0
	56,906	**-284,099**

Notes to the Financial Statements

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 other security and contingent liabilitites, herunder time charter obligations, at 31 December 2018.

8 Related parties

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

9 Accounting Policies

The Annual Report of Thorco Svendborg 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 comparative figures comprise the first financial year; 14 July 2016 - 31 December 2017.

Financial Statements for 2018 are presented in USD with exchange rate 651.94 at 31 December 2018 (31 December 2017 620.77)

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 balance sheet date.

Notes to the Financial Statements

9 Accounting Policies (continued)

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.

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.

Revenue is recognised exclusive of VAT.

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

Vessel operating costs

Vessel operating costs comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise office expenses, etc.

Notes to the Financial Statements

9 Accounting Policies (continued)

Gross profit/loss

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

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

Balance Sheet

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.

Notes to the Financial Statements

9 **Accounting Policies** (continued)

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.

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.