

Fortuna Seaside Bulk Carriers A/S

Philip Heymans Allé 3, 6, 2900 Hellerup

Company reg. no. 37 99 21 78

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 31 May 2019.



Lars Trygved
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance USD 146.940 is the same as the English amount of USD 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the executive board have today presented the annual report of Fortuna Seaside Bulk Carriers A/S for the financial year 1 January to 31 December 2018.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Hellerup, 31 May 2019

Executive board

Lars Trygved

Søren Benny Ogle Jønsson

Michael Steen Jakobsen

Board of directors

Lars Trygved

Michael Steen Jakobsen

Søren Benny Ogle Jønsson

Frank Dimke

Ulrik Lund Rasmussen

Peter Bruno Rasmussen

Henrik Ambjørn Petersen

Independent auditor's report

To the shareholders of Fortuna Seaside Bulk Carriers A/S

Opinion

We have audited the annual accounts of Fortuna Seaside Bulk Carriers A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.


Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 31 May 2019

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36



Ulrik Bloch-Sørensen
State Authorised Public Accountant
mne2913

Company data

The company

Fortuna Seaside Bulk Carriers A/S
Philip Heymans Allé 3, 6
2900 Hellerup

Phone 39161200
Web site www.fortuna-seaside.dk

Company reg. no. 37 99 21 78
Established: 8 September 2016
Domicile: Hellerup
Financial year: 1 January - 31 December

Board of directors

Lars Trygved
Michael Steen Jakobsen
Søren Benny Ogle Jønsson
Frank Dimke
Ulrik Lund Rasmussen
Peter Bruno Rasmussen
Henrik Ambjørn Petersen

Executive board

Lars Trygved
Søren Benny Ogle Jønsson
Michael Steen Jakobsen

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

Fortuna Seaside Invest A/S

Subsidiary

Fortuna Seaside Australia Pty. Ltd., Melbourne

Financial highlights

| USD in thousands. | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|
| Profit and loss account: | | |
| Gross profit | -211 | 4.187 |
| Results from operating activities | -2.331 | 2.019 |
| Net financials | -7 | 2 |
| Results for the year | -1.822 | 1.584 |
| Balance sheet: | | |
| Balance sheet sum | 7.748 | 10.155 |
| Investments in tangible fixed assets represent | 70 | 133 |
| Equity | 4.830 | 1.660 |
| Cash flow: | | |
| Operating activities | -565 | -866 |
| Investment activities | 8 | -343 |
| Financing activities | 961 | 4.000 |
| Cash flow in total | 405 | 2.791 |
| Employees: | | |
| Average number of full time employees | 9 | 6 |
| Key figures in %: | | |
| Acid test ratio | 255,2 | 217,0 |
| Solvency ratio | 62,3 | 16,3 |
| Return on equity | -56,1 | 190,8 |

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

| | |
|-------------------------|---|
| Acid test ratio | $\frac{\text{Current assets} \times 100}{\text{Short-term liabilities}}$ |
| Equity share | $\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$ |
| Return on equity | $\frac{\text{Results for the year} \times 100}{\text{Average equity}}$ |

Management's review

The principal activities of the company

The principal activities of the company is shipping operations carried out by the operation of chartered vessels worldwide.

Unusual matters

No unusual circumstances are recorded in this annual report.

Uncertainties as to recognition or measurement

During the financial year there has been no uncertainty regarding recognition and measurement.

Development in activities and financial matters

The gross loss for the year is USD -210.940 against USD 4.187.482 last year. The results from ordinary activities after tax are USD -1.822.305 against USD 1.584.206 last year. The management consider the results unsatisfactory.

The expected development

The company expects a profit for the financial year 2019.

Accounting policies used

The annual report for Fortuna Seaside Bulk Carriers A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in American dollars (USD).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

The profit and loss account

Gross loss

The gross loss comprises the net turnover, production costs and other operating income.

Accounting policies used

Net turnover

Revenue comprises income from voyages and is recognised exclusive of VAT and duties. Revenue is recognised as the work is completed, calculated on the basis of stage of completion (production criterion) at the balance sheet date. Recognition occurs when the following conditions are met:

- the amount of revenue can be measured reliably
 - it is probable that the economic benefits associated with the transaction will flow to the entity
 - the stage of completion of the transaction at the end of the reporting period can be measured reliably:
- and

- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Stage of completion is determined on the basis of the completed travel time compared to the expected travel time.

Production costs

Production costs comprise the vessels operation expenses, incurred to generate revenue for the year. The expenses include charter hire for chartered vessels (operating leases), bunker oil consumption, staff costs, other voyage costs such as commissions and harbour charges, repair and maintenance costs, insurance costs and other operation expenses. Like revenue, vessels operation expenses are recognised on the basis of stage of completion.

Distribution costs

The distribution costs comprise costs which have been incurred for distribution of goods sold during the year and for sales campaigns carried out during the year. Additionally, costs for sales staff, costs for advertising and exhibitions, and depreciation are recognised in the profit and loss account.

Administration costs

Administration costs comprise costs which have been incurred during the year for management and administration, including costs for the administrative staff, the executive board, offices, stationery and office supplies, and depreciation.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises and associated enterprises

The equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Accounting policies used

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

| | Useful life | Residual value |
|--|-------------|----------------|
| Other plants, operating assets, fixtures and furniture | 3 years | 20 % |

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Accounting policies used

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises and associated enterprises

Equity investments in group enterprises and associated enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises and associated enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises and associated enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises and associated enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

Accounting policies used

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and associated enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategic acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Inventories

Inventories comprise bunker oil kept on board vessels. Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Voyages in progress

Voyages in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Voyages in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

Accounting policies used

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value on the balance sheet date.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Fortuna Seaside Bulk Carriers A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Accounting policies used

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

Profit and loss account

All amounts in USD.

| <u>Note</u> | 1/1 2018 - 31/12 2018 | 8/9 2016 - 31/12 2017 |
|---|--------------------------|--------------------------|
| Gross loss | -210.940 | 4.187.482 |
| Distribution costs | -59.445 | -60.306 |
| Administration costs | -2.060.811 | -2.108.486 |
| Operating profit | -2.331.196 | 2.018.690 |
| Income from equity investments in group enterprises | 31.403 | 27.596 |
| Other financial income | 719 | 17.682 |
| 1 Other financial costs | -39.253 | -43.090 |
| Financing, net | -7.131 | 2.188 |
| Results before tax | -2.338.327 | 2.020.878 |
| Tax on ordinary results | 516.022 | -436.672 |
| 2 Results for the year | -1.822.305 | 1.584.206 |

Balance sheet 31 December

All amounts in USD.

| Assets | | 2018 | 2017 |
|-----------------------|--|-------------------------|--------------------------|
| Note | | <u> </u> | <u> </u> |
| Fixed assets | | | |
| 3 | Other plants, operating assets, and fixtures and furniture | 80.976 | 103.754 |
| | Tangible fixed assets in total | <u>80.976</u> | <u>103.754</u> |
| 4 | Equity investments in group enterprises | 99.767 | 75.618 |
| 5 | Other securities and equity investments | 11.151 | 36.086 |
| 6 | Other debtors | 111.678 | 107.178 |
| | Financial fixed assets in total | <u>222.596</u> | <u>218.882</u> |
| | Fixed assets in total | <u>303.572</u> | <u>322.636</u> |
| Current assets | | | |
| | Bunker oil stocks | 474.822 | 1.992.466 |
| | Inventories in total | <u>474.822</u> | <u>1.992.466</u> |
| | Trade debtors | 2.321.153 | 3.103.816 |
| 7 | Voyages in progress | 710.065 | 1.805.948 |
| 8 | Deferred tax assets | 515.153 | 0 |
| | Other debtors | 127.911 | 18.716 |
| 9 | Accrued income and deferred expenses | 13.547 | 10.071 |
| | Debtors in total | <u>3.687.829</u> | <u>4.938.551</u> |
| | Other securities and equity investments | 18.407 | 19.139 |
| | Securities in total | <u>18.407</u> | <u>19.139</u> |
| | Available funds | <u>3.262.929</u> | <u>2.882.466</u> |
| | Current assets in total | <u>7.443.987</u> | <u>9.832.622</u> |
| | Assets in total | <u>7.747.559</u> | <u>10.155.258</u> |

Balance sheet 31 December

All amounts in USD.

| Equity and liabilities | | <u>2018</u> | <u>2017</u> |
|-------------------------------|---|-------------------------|--------------------------|
| <u>Note</u> | | | |
| Equity | | | |
| 10 | Contributed capital | 75.476 | 75.476 |
| 11 | Reserves for net revaluation as per the equity method | 20.342 | 27.596 |
| 12 | Results brought forward | 4.734.305 | 1.556.610 |
| | Equity in total | <u>4.830.123</u> | <u>1.659.682</u> |
| Provisions | | | |
| | Provisions for deferred tax | 0 | 869 |
| | Provisions in total | <u>0</u> | <u>869</u> |
| Liabilities | | | |
| | Subordinate loan capital | 0 | 3.963.242 |
| | Long-term liabilities in total | <u>0</u> | <u>3.963.242</u> |
| 7 | Voyages in progress | 1.081.842 | 1.697.219 |
| | Trade creditors | 1.701.511 | 2.197.998 |
| | Corporate tax | 0 | 435.803 |
| | Other debts | 134.083 | 200.445 |
| | Short-term liabilities in total | <u>2.917.436</u> | <u>4.531.465</u> |
| | Liabilities in total | <u>2.917.436</u> | <u>8.494.707</u> |
| | Equity and liabilities in total | <u>7.747.559</u> | <u>10.155.258</u> |

13 Staff matters

14 Contingencies

Cash flow statement

All amounts in USD.

| | 1/1 2018 - 31/12 2018 | 8/9 2016 - 31/12 2017 |
|---|--------------------------|--------------------------|
| Results for the year | -1.822.305 | 1.584.206 |
| 15 Adjustments | -473.392 | 463.799 |
| 16 Change in working capital | 2.180.769 | -2.872.111 |
| Cash flow from operating activities before net financials | -114.928 | -824.106 |
| Interest received and similar amounts | 719 | 1.391 |
| Interest paid and similar amounts | -14.644 | -43.090 |
| Cash flow from ordinary activities | -128.853 | -865.805 |
| Corporate tax paid | -435.803 | 0 |
| Cash flow from operating activities | -564.656 | -865.805 |
| Purchase of tangible fixed assets | -70.073 | -133.069 |
| Sale of tangible fixed assets | 57.352 | 0 |
| Purchase of financial fixed assets | -4.500 | -191.286 |
| Purchase of other securities and equity investments | 0 | -19.138 |
| Repayments received | 25.667 | 0 |
| Cash flow from investment activities | 8.446 | -343.493 |
| Repayments of long-term debt | -38.718 | 0 |
| Loan received | 1.000.000 | 4.000.000 |
| Cash flow from financing activities | 961.282 | 4.000.000 |
| Changes in available funds | 405.072 | 2.790.702 |
| Available funds 1 January 2018 | 2.882.466 | 75.476 |
| Exchange rate adjustments (available funds) | -24.609 | 16.288 |
| Available funds 31 December 2018 | 3.262.929 | 2.882.466 |
| Available funds | | |
| Available funds | 3.262.929 | 2.882.466 |
| Available funds 31 December 2018 | 3.262.929 | 2.882.466 |

Notes

All amounts in USD.

| | 1/1 2018 - 31/12 2018 | 8/9 2016 - 31/12 2017 |
|--|--------------------------|--------------------------|
| 1. Other financial costs | | |
| Financial costs, group enterprises | 3 | 41.973 |
| Other financial costs | 39.250 | 1.117 |
| | 39.253 | 43.090 |
| 2. Proposed distribution of the results | | |
| Reserves for net revaluation as per the equity method | 0 | 27.596 |
| Allocated to results brought forward | 0 | 1.556.610 |
| Allocated from results brought forward | -1.822.305 | 0 |
| Distribution in total | -1.822.305 | 1.584.206 |
| 3. Other plants, operating assets, and fixtures and furniture | | |
| Cost 1 January 2018 | 133.069 | 0 |
| Additions during the year | 70.073 | 133.069 |
| Disposals during the year | -61.448 | 0 |
| Cost 31 December 2018 | 141.694 | 133.069 |
| Depreciation and writedown 1 January 2018 | -29.315 | 0 |
| Depreciation for the year | -35.499 | -29.315 |
| Depreciation and writedown, assets disposed of | 4.096 | 0 |
| Depreciation and writedown 31 December 2018 | -60.718 | -29.315 |
| Book value 31 December 2018 | 80.976 | 103.754 |

Notes

All amounts in USD.

| | 31/12 2018 | 31/12 2017 |
|---|-----------------|---------------------------|
| 4. Equity investments in group enterprises | | |
| Acquisition sum, opening balance 1 January 2018 | 48.022 | 0 |
| Additions during the year | 0 | 48.022 |
| Cost 31 December 2018 | 48.022 | 48.022 |
| Revaluations, opening balance 1 January 2018 | 27.596 | 0 |
| Results for the year before goodwill amortisation | 24.149 | 27.596 |
| Revaluation 31 December 2018 | 51.745 | 27.596 |
| Book value 31 December 2018 | 99.767 | 75.618 |
| Group enterprises: | | |
| | Domicile | Share of ownership |
| Fortuna Seaside Australia Pty. Ltd. | Melbourne | 100 % |
| 5. Other securities and equity investments | | |
| Cost 1 January 2018 | 36.086 | 0 |
| Additions during the year | 0 | 36.086 |
| Disposals during the year | -24.935 | 0 |
| Cost 31 December 2018 | 11.151 | 36.086 |
| Book value 31 December 2018 | 11.151 | 36.086 |
| 6. Other debtors | | |
| Cost 1 January 2018 | 107.178 | 0 |
| Additions during the year | 4.500 | 107.178 |
| Cost 31 December 2018 | 111.678 | 107.178 |
| Book value 31 December 2018 | 111.678 | 107.178 |
| Deposits | 111.678 | 107.178 |
| | 111.678 | 107.178 |

Notes

All amounts in USD.

| | <u>31/12 2018</u> | <u>31/12 2017</u> |
|---|------------------------|-----------------------|
| 7. Voyages in progress | | |
| Paid costs on voyages in progress | 861.448 | 6.390.038 |
| Payments on account received | <u>-1.233.225</u> | <u>-6.281.309</u> |
| Voyages in progress, net | <u>-371.777</u> | <u>108.729</u> |
| The following is recognised: | | |
| Work in progress for the account of others (Current assets) | 710.065 | 1.805.948 |
| Work in progress for the account of others (Prepayments received) | <u>-1.081.842</u> | <u>-1.697.219</u> |
| | <u>-371.777</u> | <u>108.729</u> |
| 8. Deferred tax assets | | |
| Deferred tax of the results for the year | <u>515.153</u> | <u>-869</u> |
| | <u>515.153</u> | <u>-869</u> |
| 9. Accrued income and deferred expenses | | |
| Prepaid parking expenses | 8.232 | 10.071 |
| Prepaid company arrangement in 2019 | <u>5.315</u> | <u>0</u> |
| | <u>13.547</u> | <u>10.071</u> |

Notes

All amounts in USD.

| | <u>31/12 2018</u> | <u>31/12 2017</u> |
|--|-------------------|-------------------|
| 10. Contributed capital | | |
| Contributed capital 1 January 2018 | 75.476 | 75.476 |
| | 75.476 | 75.476 |
| 11. Reserves for net revaluation as per the equity method | | |
| Reserves for net revaluation 1 January 2018 | 27.596 | 0 |
| Share of results | 0 | 27.596 |
| Exchange rate adjustments | -7.254 | 0 |
| | 20.342 | 27.596 |
| 12. Results brought forward | | |
| Results brought forward 1 January 2018 | 1.556.610 | 0 |
| Profit or loss for the year brought forward | -1.822.305 | 1.556.610 |
| Debt remission | 4.000.000 | 0 |
| Group contribution | 1.000.000 | 0 |
| | 4.734.305 | 1.556.610 |
| 13. Staff matters | | |
| Salaries | 1.097.517 | 1.010.059 |
| Pensions | 126.267 | 83.763 |
| Social securities and salary contributions | -24.744 | 5.839 |
| Other staff costs | 25.251 | 45.403 |
| | 1.224.291 | 1.145.064 |
| Executive board and board of directors | 195.576 | 180.789 |
| Average number of employees | 9 | 6 |

Notes

All amounts in USD.

14. Contingencies

Contingent liabilities

Contractual obligations

The company's annual rent obligation amounts to USD 221.202.

The company has entered into long-term lease agreements with foreign tonnage. The total liability amounts to 31 December 2018 USD 3,173,600 to the financial year 2019.

Joint taxation

Fortuna Seaside Invest A/S, company reg. no 37 99 19 02 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The total tax payable under the joint taxation amounts to USD 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

| | 1/1 2018 - 31/12 2018 | 8/9 2016 - 31/12 2017 |
|---|--------------------------|--------------------------|
| 15. Adjustments | | |
| Depreciation and amortisation | 35.499 | 29.315 |
| Income from equity investments in group enterprises | -31.403 | -27.596 |
| Other financial income | -719 | -17.682 |
| Other financial costs | 39.253 | 43.090 |
| Tax on ordinary results | -516.022 | 436.672 |
| | -473.392 | 463.799 |
| 16. Change in working capital | | |
| Change in inventories | 1.517.644 | -1.992.466 |
| Change in debtors | 1.841.352 | -3.278.088 |
| Change in trade creditors and other liabilities | -1.178.227 | 2.398.443 |
| | 2.180.769 | -2.872.111 |