

Dania Ship Management A/S

Tuborg Havnevej 15
2900 Hellerup
Business Registration No
38618873

**Annual report 05.05.2017
- 31.12.2017**

The Annual General Meeting adopted the annual report on 26.04.2018

Chairman of the General Meeting



Name: Carl Willem Henrik Moltke

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017	7
Balance sheet at 31.12.2017	8
Statement of changes in equity for 2017	10
Notes	11
Accounting policies	13

Entity details

Entity

Dania Ship Management A/S
Tuborg Havnevej 15
2900 Hellerup

Central Business Registration No (CVR): 38618873

Registered in: Hellerup

Financial year: 05.05.2017 - 31.12.2017

Board of Directors

Manish Singh, Chairman

Elliot Gow

Per Sylvester Jensen

Martin Gaard Christiansen

Henriette Schütze

Executive Board

Carsten Brix Ostenfeldt, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Dania Ship Management A/S for the financial year 05.05.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 05.05.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hellerup, 12.04.2018

Executive Board



Carsten Birk Ostenfeld
CEO

Board of Directors



Manish Singh
Chairman



Martin Gaard/Christiansen



Elliot Gow



Henriette Schütze



Per Sylvester Jensen

Independent auditor's report

To the shareholders of Dania Ship Management A/S

Opinion

We have audited the financial statements of Dania Ship Management A/S for the financial year 05.05.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 05.05.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Copenhagen, 12.04.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556


Henrik Hjert Kjelgaard
State Authorised Public Accountant
Identification No (MNE) 29484


Bjarne Iver Jørgensen
State Authorised Public Accountant
Identification No (MNE) 35659

Management commentary

Primary activities

The Company's primary activities involve acting as technical manager of vessels.

Development in activities and finances

Effective as per 1 May 2017, Nordic Tankers spun off its technical management activity to the Company. As of 1st June 2017 a partnership was entered with V. Group entailing that V. Group became shareholder of the Company. 11 December 2017 100% of the shares in Dania Ship Management A/S was contributed to Dania Ship Management Holding A/S.

The loss of the year is DKK 3,202,312. The result of the year is not satisfactory. The equity is negative DKK 2,702,312 and the Company has lost more than half of the share capital.

The Company expects to improve the operating result for 2018.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Re-establishment of equity

The Company expects to re-establish the equity in 2019 through profits in 2018 and 2019.

Income statement for 05.05.2017 – 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK</u>
Revenue		24,713,596
Other external expenses		<u>(8,703,627)</u>
Gross profit/loss		16,009,969
Staff costs	1	(17,024,121)
Depreciation, amortisation and impairment losses		<u>(1,518,119)</u>
Operating profit/loss		(2,532,270)
Other financial income	2	12,591
Other financial expenses	3	<u>(363,931)</u>
Profit/loss before tax		(2,883,610)
Tax on profit/loss for the year	4	<u>(318,702)</u>
Profit/loss for the year		<u>(3,202,312)</u>
Proposed distribution of profit/loss		
Retained earnings		<u>(3,202,312)</u>
		<u>(3,202,312)</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK</u>
Acquired rights		<u>1,231,392</u>
Intangible assets	5	<u>1,231,392</u>
Other fixtures and fittings, tools and equipment		<u>457,808</u>
Property, plant and equipment	6	<u>457,808</u>
Fixed assets		<u>1,689,200</u>
Trade receivables		1,276,659
Other receivables		340,077
Prepayments		<u>122,146</u>
Receivables		<u>1,738,882</u>
Cash		<u>1,534,137</u>
Current assets		<u>3,273,019</u>
Assets		<u>4,962,219</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK</u>
Contributed capital		500,000
Retained earnings		<u>(3,202,312)</u>
Equity		<u>(2,702,312)</u>
Trade payables		1,262,510
Other payables		<u>6,402,021</u>
Current liabilities other than provisions		<u>7,664,531</u>
Liabilities other than provisions		<u>7,664,531</u>
Equity and liabilities		<u>4,962,219</u>
Contingent liabilities	7	

Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
Contributed upon formation	500,000	0	500,000
Profit/loss for the year	<u>0</u>	<u>(3,202,312)</u>	<u>(3,202,312)</u>
Equity end of year	<u>500,000</u>	<u>(3,202,312)</u>	<u>(2,702,312)</u>

Notes

	2017
	DKK
	<u> </u>
1. Staff costs	
Wages and salaries	14,954,476
Pension costs	1,345,039
Other social security costs	(161,354)
Other staff costs	885,959
	<u>17,024,121</u>
Average number of employees	<u>31</u>
	2017
	DKK
	<u> </u>
2. Other financial income	
Other interest income	12,591
	<u>12,591</u>
	2017
	DKK
	<u> </u>
3. Other financial expenses	
Exchange rate adjustments	363,931
	<u>363,931</u>
	2017
	DKK
	<u> </u>
4. Tax on profit/loss for the year	
Current tax	318,702
	<u>318,702</u>

The Company's income tax base is located in Denmark, and therefore subject to the Danish tonnage tax scheme. The Company has entered the tonnage tax scheme the 1. May 2017, with a binding period of 10 years, and it is the Company's expectation to continue to participate in the tonnage tax scheme after the binding period expires, with an equivalent or higher activity level as the time where the Group entered the tonnage tax scheme.

Under the tonnage tax scheme income and expenses from shipping activities are not subject to direct taxation, instead the taxable income is calculated on the basis of:

- The net tonnage of the vessels used to generate the income from technical management.
- A rate applicable to the specific net tonnage of the vessels based on a sliding scale.

Notes

No deferred tax assets or liabilities are recognised the 31st December 2017.

	Acquired rights DKK
	<u>DKK</u>
5. Intangible assets	
Additions	<u>2,637,319</u>
Cost end of year	<u>2,637,319</u>
Amortisation for the year	<u>(1,405,927)</u>
Amortisation and impairment losses end of year	<u>(1,405,927)</u>
Carrying amount end of year	<u>1,231,392</u>
	Other fixtures and fittings, tools and equipment DKK
	<u>DKK</u>
6. Property, plant and equipment	
Additions	<u>570,000</u>
Cost end of year	<u>570,000</u>
Depreciation for the year	<u>(112,192)</u>
Depreciation and impairment losses end of year	<u>(112,192)</u>
Carrying amount end of year	<u>457,808</u>

7. Contingent liabilities

The Company is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

Revenue from technical management and consultancy services are recognised when the Company obtains right to the remunerations.

Other external expenses

Other external expenses comprise expenses for management and administration of the the Company.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses related to transactions in foreign currencies.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired contracts and rights.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Intellectual property rights etc	1-2 years
----------------------------------	-----------

Estimated useful lives and residual values are reassessed annually.

Items of Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Property, plant and machinery is measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Property, plant and equipment	3 years
-------------------------------	---------

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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