

Financial Statements 2017

Mediterranean Sea AS

Org.no.: 919 778 296

Mediterranean Sea AS

Profit and loss account

All figures in USD

	Note	31.12.17
OPERATING INCOME AND EXPENSES		
Operating income	2	79 320
Operating income		79 320
Start-up expenses	6	215 881
Administrative expenses	3, 4	7 794
Operating expenses	5	52 371
Depreciation and amortisation expenses	7	29 144
Other operating expenses		65 633
Operating expenses		370 822
Net operating profit / loss		-291 502
FINANCIAL INCOME AND EXPENSES		
Currency loss		8
Financial expenses		8
Net financial profit / loss		-8
Operating result before tax		-291 510
Tax on ordinary result	11	2 400
Operating result after tax		-293 911
NET PROFIT / LOSS	10	-293 911
Attributable to		
Transferred to other equity		-293 911
Total	10	293 911

Mediterranean Sea AS

Balance sheet

All figures in USD

	Note	2017
ASSETS		
Tangible assets		
Vessels	6, 7, 12	16 184 080
Docking	7	<u>403 615</u>
Total tangible assets		16 587 695
 Total non-current assets		 <u>16 587 695</u>
 CURRENT ASSETS		
Inventories		
Bunkers and lubes		<u>55 425</u>
Total inventories		55 425
 Receivables		
Accounts receivables		244 494
Other current receivables		<u>6 505</u>
Total receivables		250 999
 Cash and cash equivalents		 165 048
 Total current assets		 <u>471 472</u>
 TOTAL ASSETS		 <u>17 059 166</u>

Mediterranean Sea AS

Balance sheet

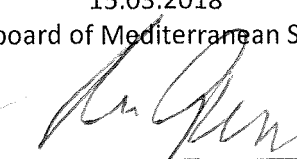
All figures in USD


	Note	2017
EQUITY AND LIABILITIES		
EQUITY		
Paid-in equity		
Share capital	9	3 642
Decided increase in share capital, not registered		16 917 000
Total paid-in equity		16 920 642
Retained earnings		
Uncovered loss		-293 911
Total retained earnings		-293 911
Total equity	10	16 626 731
LIABILITIES		
Current liabilities		
Liabilities to group companies	8	223 954
Accounts payable		84 609
Tax payable	11	2 400
Other current liabilities		121 471
Total current liabilities		432 435
Total liabilities		432 435
TOTAL EQUITY AND LIABILITIES		17 059 166

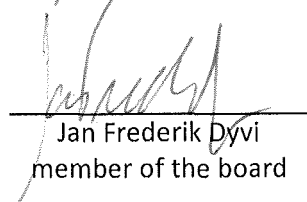
15.03.2018

The board of Mediterranean Sea AS


Fredrik Platou
member of the board


Peter Dybwad Gram
chairman of the board


Thorbjørn Fjærtøft Pedersen
member of the board


Jan Frederik Dyvi
member of the board


Lars Christian Uchermann Wiese
member of the board

Notes

Note 1 Accounting principles

The Financial Statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles for Small Companies. The accounting principles are described below. The company was established 05.10.2017.

Currency

The financial statements are presented in USD. Transactions in another currency are translated at the rate applicable on the transaction date. Monetary items in another currency are translated into USD using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in another currency are translated into USD using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in another currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Operating income

Sales revenue are recognized upon delivery. Revenue from services are recognized upon performance.

The shipowners tax regulation

The Company pay taxes in accordance with the shipowners tax regulation. The Company will only be liable to pay taxes of the financial income. The tax expense consists of the tax payable for the period and payable tonnage tax.

Balance sheet classification

Current assets and liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as tangible assets / non-current liabilities.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value. Long term debt are recognized at nominal value and will not be adjusted to marked value due to changes in interest rate.

Tangible assets

Tangible assets are comprised of assets intended for long term ownership and use, and are valued at cost less depreciation and impairment losses. Tangible assets are recorded in the balance sheet and depreciated over the estimated useful economic life. Tangible assets are written down to the recoverable amount when a decrease in value is expected to be permanent. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Impairment loss recognized is reversed when the basis for the impairment loss is no longer evident.

Inventories

Inventories are valued at the lower of cost and net sales value.

Receivables

Accounts receivables and other receivables are recorded in the balance sheet at nominal value less a provision for doubtful accounts. Provision for doubtful accounts is determined on the basis of an assessment of individual receivables.

Mediterranean Sea AS

Notes

Note 2 Income

	2017
Charter income	79 320
Total	79 320

The company purchased M/V Mediterranean Sea with delivery on December 20, 2017.

Note 3 Number of employees, remunerations, audit fee etc.

The company has no employees.

There are no recorded remuneration to the board in 2017

Audit

The audit fee expense for 2017 amounts to NOK 0 excl. VAT.

Additional fees for other services rendered amounts to NOK 0 excl. VAT.

Note 4 Administrative expenses

	2017
Commercial management fees	877
Technical management fees	5 126
Other administrative expenses	1 791
Total administrative expenses	7 794

Mediterranean Sea AS

Notes

Note 5 Operating expenses

	2017
Fixed operating expenses	
- crew expenses	29 876
- technical operation / insurance etc.	22 495
Total fixed operating expenses	52 371
Total operating expenses	52 371

Technical management fee is presented as administration expenses and the fee for 2017 is USD 5 126.

Operating expenses, incl. tech.mng.fee	57 497
--	--------

Note 6 Start-up expenses

	2017
Arrangement fee	207 500
Legal fee	25 220
Total	232 720
Whereof capitalized	-16 839
Total	215 881

Mediterranean Sea AS

Notes

Note 7 Tangible assets

	Vessel	Docking	Total
Acquisition cost 05.10.2017	0	0	0
Acquisitions	16 207 200	409 639	16 616 839
Disposals	0	0	0
Acquisition cost 31.12.2017	16 207 200	409 639	16 616 839
Acc. depreciation 31.12.2017	-23 120	-6 024	-29 144
Acc. impairment 31.12.2017	0	0	0
Net value 31.12.2017	16 184 080	403 615	16 587 695

	Vessel	Docking	Total
Impairment for the period	0	0	0
Depreciations for the period	23 120	6 024	29 144
Depreciation rate	5,56 %	48,8 %	
Depreciation schedule	Linear	Linear	
Estimated depreciation (years)	25		
Closing date	20.12.2017		

Note 8 Inter-company items between companies in the same group

	2017
Liabilities	
Other short-term liabilities	223 954
Total	223 954

Note 9 Shareholders

The share capital in Mediterranean Sea AS as of 31.12 consists of:

	Total	Face value	Entered
Ordinary shares	30 000	0,24	7 276
Total	30 000		7 276

Ownership structure

The largest shareholders in % at year end:

	Ordinary	Owner interest	Share of votes
Gram Car AS	30 000	100,0	100,0
Total number of shares	30 000	100,0	100,0

Mediterranean Sea AS

Notes

Note 10 Equity

	Share capital	Share premium	Total equity
Equity as of 17.10.2016	3 642		3 642
Capital increase 15.12.17*	3 634	16 913 366	16 917 000
Result for the year		-293 911	-293 911
Equity as of 31.12.2017	7 276	16 619 455	16 626 731

* Capital increase registered in February 2018.

Note 11 Tax base /deferred tax

	2017
Taxable result	7 354
Net tax result of the year	7 354
Tax payable	1 765
Nominal tax - 24 %	
Tonnage tax:	
Total net tonnage (NT)	46 800
Tonnage tax (based on NT 47,000)	635
Total	635
Tax on ordinary result	
Tax payable	1 765
Tonnage tax	635
Tax on ordinary result	2 400
This year payable taxes includes	
Tax payable	1 765
Tonnage tax	635
Total	2 400

Note 12 Charges and guarantees

The vessel M/V Mediterranean Sea are mortgaged as security for Gram Car AS' Bond Loan.

Notes

Note 13 Off-balance sheet items

The company has entered into a ship management agreement with Lauterjung Shipmanagement GmbH Co. KG, a commercial management agreement with Gram Car Carriers AS and a corporate management agreement with NRP Procurator AS.

Translation from the original Norwegian version

To the General Meeting of Mediterranean Sea AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mediterranean Sea AS showing a loss of USD 293 911. The financial statements comprise the balance sheet as at 31 December 2017, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2017, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, 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.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) is responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 19 March 2018
Deloitte AS

Alf-Anton Eid

State Authorized Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.