

Semi-annual Accounts 2019

Mediterranean Sea AS

Org.no.: 919 778 296

Profit and loss account

All figures in USD

	Note	30.6.2019	30.6.2018
Operating income and operating expenses			
Operating income	2	<u>1 592 621</u>	<u>1 826 395</u>
Operating income		1 592 621	1 826 395
Administrative expenses	4	234 095	217 891
Operating expenses	5	725 422	784 584
Depreciation and amortisation expenses	6	<u>483 531</u>	<u>483 528</u>
Total operating expenses		1 443 047	1 486 003
Net operating profit / loss		<u>149 574</u>	<u>340 392</u>
Financial income and expenses			
Other interest income		3 923	0
Currency gain		<u>340</u>	<u>0</u>
Financial income		4 264	0
Currency loss		<u>794</u>	<u>2 626</u>
Financial expenses		794	2 626
Net financial profit / loss		<u>3 469</u>	<u>-2 626</u>
Ordinary result before tax		<u>153 043</u>	<u>337 766</u>
Ordinary result after tax		153 043	337 766
Net profit / loss		<u>153 043</u>	<u>337 766</u>

Balance

All figures in USD

	Note	30.6.2019	31.12.2018
Assets			
Non-current assets			
Tangible assets			
Contructions in progress		567 151	265 143
Vessels		15 033 328	15 416 913
Docking		103 779	203 725
Total tangible assets	6	<u>15 704 258</u>	<u>15 885 781</u>
Total non-current assets		<u>15 704 258</u>	<u>15 885 781</u>
Current assets			
Inventories			
Bunkers and lubes		70 909	86 394
Total inventories		<u>70 909</u>	<u>86 394</u>
Receivables			
Accounts receivables		15 500	500
Receivables group companies		9 629	0
Other current receivables		29 171	38 725
Total receivables		<u>54 300</u>	<u>39 225</u>
Bank deposit			
Bank deposit		1 979 821	1 578 131
Cash and cash equivalentents		<u>1 979 821</u>	<u>1 578 131</u>
Total current assets		<u>2 105 030</u>	<u>1 703 750</u>
Total assets		<u>17 809 288</u>	<u>17 589 531</u>

Balance

All figures in USD

	Note	30.6.2019	31.12.2018
Equity and liabilities			
Equity			
Paid-in equity			
Share capital	7	10 696	7 276
Share premium		16 909 946	7 590 698
Total paid-in equity	8	<u>16 920 642</u>	<u>7 597 974</u>
Retained earnings			
Other equity		576 986	423 942
Total retained earnings	8	<u>576 986</u>	<u>423 942</u>
Total equity	8	<u>17 497 628</u>	<u>8 021 916</u>
Liabilities			
Current liabilities			
Liabilities to group companies		12 818	9 322 668
Accounts payable		234 269	172 451
Tax payable		19 156	21 384
Public duties payable		133	0
Other current liabilities		45 284	51 112
Total current liabilities		<u>311 661</u>	<u>9 567 615</u>
Total liabilities		<u>311 661</u>	<u>9 567 615</u>
Total equity and liabilities		<u>17 809 290</u>	<u>17 589 531</u>

Notes

Note 1 Accounting principles

The semi-annual accounts have been prepared in conformity with the Accounting Act and NRS 8 - Good accounting practice for small companies.

Currency

The accounts are presented in USD which is the Company's functional currency. Transactions in another currency (those other than functional currency) are translated at the foreign exchange rate at the dates of the transactions. Monetary items in another currency are translated into USD using the foreign exchange rate at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign 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 revenues

Income from the sale of goods is recognised on the date of delivery. Services are recognised as income as they are delivered.

Tonnage tax regime

The company pay taxes in accordance with the Norwegian tonnage tax regime. This implies that shipping income is exempt from ordinary taxation, while finance income is subject to ordinary tax rules and tax rates. The company is subject to a tonnage tax on the basis of the net tonnage of the vessels owned by the company instead of ordinary income tax on shipping income.

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities. Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Fixed assets

Fixed assets are capitalised and appreciated over the economic lifetime of the asset. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date. Fixed assets are written down to a recoverable amount in the case of fall in value which is expected not to be temporary. The recoverable amount is the higher of the net sale value and value in use. Value in use is the present value of future cash flows related to the asset. Previous impairment charges are reversed in later periods if the conditions causing the write-down are no longer present.

Inventories

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

Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

Notes

Note 2 Income

	30.06.2019	30.06.2018
Charter income	1 592 621	1 826 395
Total	1 592 621	1 826 395

The company purchased M/V Mediterranean Sea 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 2019

Pension obligations

The company is not obliged to have a pension fund for the employees according to the Obligatory Pension Insurance Act (OTP).

Audit

The audit fee expense as per 30.06.2019 amounts to USD 3 901 excl. VAT.

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

Note 4 Administrative expenses

	30.06.2019	30.06.2018
Corporate management fees	12 818	12 234
Audit fees	3 901	0
Legal fees	0	2 032
Commercial management fees	40 635	38 100
Technical management fees	65 000	65 000
Insurance	107 622	96 633
Other administrative expenses	4 119	3 892
Total	234 095	217 891

Notes

Note 5 Operating expenses

	30.06.2019	30.06.2018
Fixed operating expenses		
- technical operations / insurance	266 875	450 390
- crew expenses	458 547	334 194
Total fixed operating expenses	725 422	784 584
Total operating expenses	725 422	784 584

Technical management fee and insurance is presented as administration expenses.

Total operating expenses, incl. tech.mng.fee	790 422	849 584
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Note 6 Tangible assets

	Vessel	Docking	Constr. in progress	Total
Acquisition cost 01.01.2019	16 207 200	409 639	265 143	16 881 982
Acquisitions		0	302 008	302 008
Disposals	0	0	0	0
Acquisition cost 30.06.2019	16 207 200	409 639	567 151	17 183 990
Acc. depreciation 30.06.2019	-1 173 872	-305 860	0	-1 479 731
Acc. impairment 30.06.2019	0	0	0	0
Net value 30.06.2019	15 033 328	103 779	567 151	15 704 258

	Vessel	Docking	Constr. in progress	Total
Impairment for the period	0	0	0	0
Depreciations for the period	383 585	99 946	0	483 531
Depreciation rate	5,6 %	48,8 %	Not finalized per 30.06.19	
Depreciation schedule	Linear	Linear		
Estimated depreciation (years)	18			
Closing date	20.12.2017			

Mediterranean Sea AS

Notes

Note 7 Shareholders

The share capital in Mediterranean Sea AS as of 30.06 consists of:

	Total	Face value	Entered
Ordinary shares	30 000	0,36	10 696
Total	30 000		10 696

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

Note 8 Equity capital

	Share capital	Share premium	Other equity/ uncovered loss	Total equity
Equity as of 1.1.2019	7 276	7 590 698	423 942	8 021 916
Debt conversion	3 420	9 319 248		9 322 668
Result for the year		0	153 043	153 043
Equity as of 30.06.2019	10 696	16 909 946	576 985	17 497 627

Note 9 Charges and guarantees

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

Note 10 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.