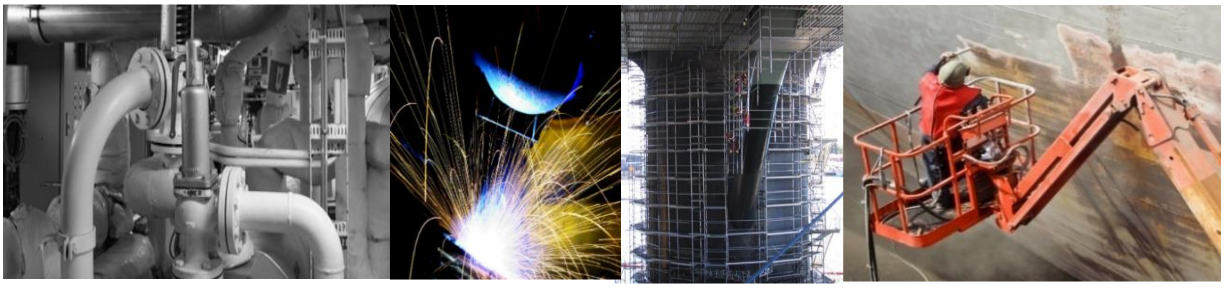

TECO Maritime Group AS

Financial Statement 2017

Board of Directors Report 2017

TECO Maritime Group AS

Type of business and geographical location of the company
TECO Maritime Group AS, ("the company"), previously named The Maritime Group AS, delivers solutions for the maritime and offshore industry worldwide. The company has its headquarter at Lysaker, Norway. In addition, the company has subsidiaries with facilities and offices in USA, Poland, Denmark, Spain, Dubai, The Netherlands and Singapore.

The Company delivers Integration & installation services under the brand names Nordic Made, and includes installation of piping, electrical, HVAC, as well as mechanical and structural work on board vessels. The main volume of work performed is in connection with installations of scrubbers (for cleaning exhaust) and other large equipment integration. There is an increasing demand for these services, because of new regulations and requirements for the marine sector. Among these is the International Maritime Organization's new regulation to reduce the sulphur emissions from 1. January 2020.

In addition, the company's subsidiaries deliver a range of product and services divided into the segments: Multi brand services, Ship repair services as well as Naval architecture and engineering.

Multi brand services are provided under the brand name TECO and includes electronics/automation, cleaning chemicals, protective coating, mechanical & electrical installation and insulation. The products and services are provided by a worldwide network of offices, facilities and stock points.

Ship repair services are provided under the brand name Crosscomar at its facility in Algeciras, Spain. The products and services include steel work, engine service, mechanical work, anchors & chains as well as electric- & automation services.

Naval architecture and engineering are provided under the brand name BLOM Maritime. The services include basic and detailed engineering, 3D laser scanning, reverse engineering, metrology services, as well as retrofit & refit competence. The services are provided from offices in Florida, USA, Oslo, Norway, as well as Krakow, Poland.

Financial development and annual result
Sales revenues for the company decreased from MNOK 208.7 in 2016 to MNOK 99.5 in 2017. The decline derives mainly from customers postponing their installation of exhaust cleaning systems, pending final decision from International Maritime Organization on new regulations. These regulations were confirmed in September 2017, thus increasing installation activities from 2018.

The EBITDA for the company in 2017 was MNOK -12.9, compared to MNOK -8.5 in 2016.

The annual profit before tax for the company was MNOK -14.6 in 2017, compared to MNOK -10.4 in 2016.

Per 31.12.2017, the equity ratio for the parent company was 47%, up from 46% in 2016.

The Board of Directors are confident that the annual Financial Statement for 2017 provides a correct overview of the company's total assets and debt, financial position and annual result.

Research and development activities
The company has no on-going research and development activities.

Financing
The parent company has a bank overdraft facility of MUSD 1.5 USD, with DNB, in order to finance its working capital. Per 31.12.2017, the overdraft facility was fully utilized.

See Note 13 for further information on covenants relative to the overdraft facility.

Continued operation
The Financial Statement for 2017 has been made under the prerequisite of continued operation of the company.

The company has per 31.12.2017 negative working capital and is experiencing a tight liquidity. To improve the situation, the company carried out a share issue of MNOK 5,6 in April 2018. Although the company has a positive result in the first 6 months of 2018, the company plans to further strengthen the financing to support the growth of the company and reduce old debt.

The Board of Directors is positive about the future of the company, and it is hereby confirmed that the prerequisite of continued operation is present and valid.

Credit risk
The company has a relatively concentrated base of customers where a few number of customers account for the majority of the companies turnover. This creates a certain dependability and risk. These customers are, however, large and solid companies, and there are no losses on trade receivables connected with them.

All other trade receivables per 31.12.2017 have been received at the time of writing this report, and the company has therefore not allocated any further losses on trade receivables.

Currency risk
The company has revenues mainly in EUR and USD. As the majority of costs also are in same currencies, the company has not engaged in any hedging instruments to date.

Future Outlook
At the time of writing this report, the company is experiencing an increasing demand for installation of scrubbers, in connection with new regulations being enforced from Jan. 2020. In addition the company has a positive result from 1H 2018, and expect this to continue into 2H 2018.

Events after the reporting period
The financial statement is adjusted to reflect events after the balance sheet date that constitute a condition that existed at the date of the balance sheet, i.e. adjusted estimates for ongoing projects.

Working environment
The Board of Directors are confident that the working environment has been satisfactory in 2017. TECO Maritime Group AS wishes to be an attractive employer and offer competitive terms and possibilities for career development for ambitious employees. Aggregate sick leave has been less than 0,5%.

Gender equality
Per 31.12.2017, the company had 9 employees, whereas 33% women.

Per 31.12.2017, The Board of Directors at for the company consisted of three men.

Environment
The company does not pollute the environment. A majority of the installations the company is involved in, are considered environmentally friendly technology, among other things - reducing emissions and fuel consumption on vessels worldwide.

Allocation of annual profit

The Board of Directors recommends the following allocation of the loss for the year in TECO Maritime Group AS:

Total amount to be allocated:	NOK -7 238 327
From share premium reserve:	NOK -7 238 327
From other equity:	NOK 0

24. September 2018

Tore Enger (sign) *Chairman of the Board and CEO*	Herman Markussen (sign) *Board member*	Michael Rasmussen (sign) *Board Member*

Financial Statement 2017 – Parent Company

Income Statement

TECO Maritime Group AS 01.01.2017 – 31.12.2017

NOK 1 000	Note	2017	2016
Revenue			
Sales	1,2	99 520	205 273
Other Operating Income		17	3 413
Sum Revenue		**99 537**	**208 685**
Operating expenses			
Cost of sales	2	76 478	170 597
Employee expenses	3	12 958	10 943
Depreciation	4	1 317	1 321
Other operating expenses	3,5	23 040	35 685
Sum operating expenses		**113 793**	**218 546**
OPERATING RESULT		**-14 256**	**-9 861**
FINANCIAL INCOME AND EXPENSES			
Financial income			
Income from subsidiaries	6,7	384	232
Interest income	8	12	49
Agio gain	8	2 699	5 721
Sum financial income		**3 095**	**6 002**
Financial expenses			
Expenses from subsidiaries	6,7	12	0
Interest expenses	8	1 354	205
Agio loss	8	2 069	6 384
Sum financial expenses		**3 435**	**6 589**
NET FINANCIAL ITEMS		**-340**	**-588**
PROFIT BEFORE TAX		**-14 596**	**-10 448**
Tax on ordinary result	9	-7 358	-2 630
NET PROFIT OR LOSS FOR THE YEAR		**-7 238**	**-7 819**
PROFIT FOR THE YEAR		**-7 238**	**-7 819**
ALLOCATED AS FOLLOWS			
To/from other equity and uncovered deficit		-0	-584
From share premium reserve		-7 238	-7 234

BALANCE

TECO Maritime Group AS pr. 31.12.2017

NOK 1 000	Note	31.12.2017	31.12.2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Defered tax asset	9	4 355	0
Total tangible assets		**4 355**	**0**
Tangible assets			
Equipment	4,10	1 986	2 294
Total tangible assets		**1 986**	**2 294**
Financial assets			
Investment subsidiaries	6	93 148	90 348
Loan to Group Companies	7	0	695
Other receivables		1 095	693
Total financial assets		**94 243**	**91 736**
Sum non-current assets		**100 584**	**94 031**
CURRENT ASSETS			
Goods	10,11	585	585
Trade receivables	7,10,12	12 056	29 948
Intercompany	7	16 994	12 085
Other receivables	13	2 261	13 105
Cash and cash equivalents	14	691	1 324
Total current assets		**32 588**	**57 047**
TOTAL ASSETS		**133 172**	**151 078**

BALANCE

TECO Maritime Group AS pr. 31.12.2016

NOK 1 000	Note	31.12.2017	31.12.2016
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital	15	138	138
Premium on share		61 908	69 146
Total paid-in capital		**62 046**	**69 284**
Retained earnings			
Other equity		-	-
Total retained earnings		**-**	**-**
TOTAL EQUITY		**62 046**	**69 284**
LIABILITIES			
Non-current Liabilities			
Deferred tax	9	0	3 003
Liabilities til financial institutions	14,17	767	0
Other non-current liabilities	16	8 104	10 169
Total non-current liabilities		**8 872**	**13 172**
Current Liabilities			
Liabilities to Financial institutions	*14,17*	11 605	12 684
Trade creditors		11 697	13 430
Tax payable	9	-	-
Public duties payable		1 015	831
Liabilities to group companies	7	20 982	22 539
Other short-term liabilities	18	16 956	19 137
Total current liabilities		**62 254**	**68 622**
Total liabilities		**71 126**	**81 793**
TOTAL EQUITY AND LIABILITIES		**133 172**	**151 078**

24. September 2018

Tore Enger (sign)
Chairman of the Board and CEO

Herman Marcussen (sign)
Board member

Michael Rasmussen (sign)
Board member

EQUITY

TECO Maritime Group AS pr. 31.12.2017

NOK 1 000	Share capital	Share premium	Retained earnings	Total equity
Equity at 1 January 2017	138	69 146	0	69 284
Profit for the year	-	-7 238	0	-7 238
Equity at 31 December 2017	**138**	**61 908**	**-**	**62 046**

CASH FLOW STATEMENT

TECO Maritime Group AS pr. 31.12

NOK 1 000	2017	2016
Cash flow from operating activities		
Profit before income tax	-14 596	-10 448
Adjustments:		
Depreciation, amortisation and impairment	1 316	1 321
Changes in inventories, trade rec, Rec. Group and other rec.	24 119	9 779
Changes in group payable, current borrowing, other liab.	-5 288	-12 159
Net cash flow from operating activities	**5 552**	**-11 508**
Cash flow from investing activities		
Purchase of property, plant and equipment	-1 008	-121
Investment in subsidiary	-2 800	-14 151
Sales of subsidiary		-
Net cash flow from investing activities	**-3 808**	**-14 271**
Cash flow from financing activities		
Proceeds from borrowings	767	10 169
Bank Overdraft Facility	-1 079	11 569
Repayments of loans	-2 065	0
Dividends paid	0	-1 000
Net cash flow from financing activities	**-2 377**	**20 739**
Net change in cash and cash equivalents	**-57**	**-5 040**
Cash and cash equivalents at 1 January	1 324	6 364
Cash and cash equivalents at 31 December	**691**	**1 324**
Non restricted cash, 31.12	297	1 188
Restricted cash, 31.12	394	136
Cash 31.12	**691**	**1 324**

Notes to the Financial Statement
TECO Maritime Group AS

01 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation
The financial statements of TECO Maritime Group AS are prepared in accordance with Norwegian Accounting Act, and generally accepted accounting principles.

Investment in subsidiaries
Investment in subsidiaries is recognised at cost, less any necessary impairment. Impairment to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental and deemed necessary by generally accepted accounting principles. Impairments are reversed when the cause and basis of the initial impairment is no longer present.

Foreign currency
The accounting currency and presentation currency is NOK. Foreign currency transactions are translated into the accounting currency using exchange rates at the transaction date. Monetary balances in foreign currencies are translated into the accounting currency at the exchange rates on the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Classification of assets and liabilities
Non-current assets are assets meant for permanent ownership or use. Other assets are current assets. Receivables to be paid within one year will always be classified as current assets. Liabilities are classified correspondingly.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current location. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables and other current receivables
Trade receivables and other current receivables are initially recognized at fair value plus any transaction costs. If material, transaction costs are amortised linear over the contractual maturity. The receivables are impaired if the carrying amount is above the net realisable value. Other current receivables include prepayments, and receivables on related parties.

Property, plant and equipment
Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment charges. Depreciations are calculated on a straight-line basis over the assets expected useful life and adjusted for any impairment charges. Expected useful lives of long-lived assets are reviewed annually and where they differ significantly from previous estimates, depreciation periods are changed accordingly. Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit. Major assets with different expected useful lives are reported as separate components.

Property, plant and equipment are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.

Cash and cash equivalents
Cash and the equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade creditors
Trade creditors are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, if the amortisation effect is material.

Taxes
The company is subject to tax under the Norwegian corporate tax regime.

Income taxes for the period comprise tax payable and changes in deferred tax.

Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case the tax is also recognized directly in equity.

Deferred tax assets and liabilities are calculated based on existing and temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with the tax losses carried forward at the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

Revenue recognition
The company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities as described below.

Construction contracts
Revenue from long-term manufacturing projects is recognized under the percentage-of-completion method.

The company estimates the progress of these contracts with hours spent on the projects, but some of the projects only cost spent on the projects, and some with a combination.
When the outcome cannot be reliably estimated, only revenues equalling the project costs incurred can be recognized as revenue.

Contract costs include costs that relate directly to the specific contract such as direct wages and direct materials. Pre-contract costs are expensed unless it is virtually certain that the company receives a contract. Costs that cannot be attributed to contract activity are expensed. Contract revenue includes the agreed amount under the contract, adjusted for any changes or additional work related to the contract.

If circumstances arise that may change the original estimate of revenues, costs or extent of progress towards completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and reflected in income in the period in which the circumstances that give rise to the revision become known by management. The total estimated loss on a project will be recognized in the income statement when it is identified that the project will generate a loss.

Estimates
The preparation of periodical financial statements, requires the company to make judgements, use estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are

considered reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an on-going basis.

The company has evaluated the value of its investments in subsidiaries, whereas the company management of each subsidiary has provided their best estimates for the future outlook, to establish a discounted cash flow (DCF).

The company also uses estimates to determine amount of revenue/cost to be booked on an ongoing project with activity in more than one accounting period. Responsible Project Manager calculates a degree of completion at end of the accounting period based on knowledge of the complete project scope of work and what remains. Some customers also base their payments on degree of completion, where milestone payments are released at certain stages of the project. In addition, the total turnover and gross margin is estimated by responsible Project Manager, based on knowledge of contract amount, change orders and remaining work/purchases.

Cost of equity transactions
Transaction costs directly linked to an equity transaction are recognized directly in equity, net after deducting tax.

Leases (as lessee)
Finance leases
Finance leases which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement.

Operating leases
All leases that are not classified as financial leases are classified as operating leases. Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

Provisions
A provision is recognized when the company has a present legal or constructive obligation as a result of past events, it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognized as finance cost.

Cash flow statement
The cash flow statement is prepared by using the indirect method

Events after the balance sheet date
The financial statements are adjusted to reflect events after the balance sheet date that provides evidence of conditions that existed at the date of the balance sheet (adjusting events). The financial statements are not adjusted to reflect events after the balance sheet date that are indicative of conditions that arose after the date of the balance sheet (non-adjusting events). Non-adjusting events are disclosed if significant.

The company is involved in various segments within marine installations and repair. However, the majority of the revenue was generated through turnkey installation of exhaust gas cleaning systems (scrubbers).

Geographically, it is difficult to determine where the revenues have been generated, as the majority of the installation work is conducted while the vessels are in service and therefore in transit.

02 CONTRACTS IN PROGRESS

The table below shows the total accumulated revenue and costs incurred or deferred from ongoing contracts recognised in the "Consolidated Financial Statement" since the contracts were started.

NOK 1 000	**2017**	**2016**
Acc. contract revenue recognised	13 725	108 565
Acc. related costs incurred	9 029	93 524
Acc. recognised profit or loss on contracts in progress	4 696	15 041

03 SALARIES AND AUDITOR

NOK 1 000	2017	2016
Salaries	10 764	8 615
Social security expenses	1 652	1 391
Pensions	411	619
Other benefits	131	317
Sum	**12 958**	**10 943**

Average number of employees in the company was 9 in 2017.
Percent female 33%, male 67%.

According to law about mandatory occupational pension, Norwegian companies are obliged to have occupational pension. The company has a deposit of 5% of the employee's annual gross salary between 1 and 12 G. In addition, 3% of gross salary between 7,1 and 12G.

Leading employees - salary and benefits

NOK 1 000	2017	2016
CEO / Chairman		
Salary	2 762	2 475
Social Security expenses	439	398
Other benefits	354	348
Sum CEO / Chairman	**3 555**	**3 221**
CFO		
Salary	1 477	1 235
Social Security expenses	222	194
Other benefits	100	141
Sum CFO	**1 799**	**1 570**

Remuneration to auditor is allocated as specified below

NOK 1 000	2017	2016
Statutory audits	202	150
Other assurance services	0	-
Tax consultancy	-	-
Other services	25	54
Sum excl. VAT	227	204

04 ASSETS

2017	Tools and Equipment	Office Equipment	Total
Acquisition cost 1.1	**4 373**	**581**	**4 954**
Additions	864	144	1008
Disposals	-	-	-
Acquisition cost 31.12	**5 237**	**725**	**5 962**
Accumulated depreciation 1.1	-2 472	-188	-2 660
Depreciation this year	-1177	-139	-1316
Accumulated depreciation 31.12	**-3 649**	**-327**	**-3 976**
Booked value at 31.12.2017	**1 588**	**398**	**1 986**
Useful life (year)	**2-5**	**3-5**	

NOK 1 000 **2016**	**Tools and Equipment**	**Office Equipment**	**Total**
Acquisition cost 1.1	**4 252**	**581**	**4 834**
Additions	121	-	121
Disposals	-	-	-
Acquisition cost 31.12	**4 373**	**581**	**4 954**
Accumulated depreciation 1.1	-1 288	-51	-1 339
Depreciation this year	-1 184	-137	-1 321
Accumulated depreciation 31.12	**-2 472**	**-188**	**-2 660**
Booked value at 31.12.2016	**1 901**	**393**	**2 294**
Useful life (year)	2-5	3-5	

05 OTHER OPERATING EXPENSES

NOK 1 000	**2017**	**2016**
Property lease	660	806
Travel expenses	404	1 512
Auditor, accounting and legal fees	284	204
Intercompany services and resource fee	18 470	26 031
Other services	0	3 321
Other expenses	3 222	3 811
Total	**23 040**	**35 685**

06 INVESTMENTS IN SUBSIDIARIES

Company NOK 1 000	Country of location	% Equity and voting share	Annual Result 2017	Equity per 31.12.2017
Nordic Made AS	Norway	100,00 %	-0	100
BLOM Maritime AS*	Norway	49,0 %	-1 251	768
TECO Maritime AS*	Norway	91,47 %	381	27 562
Nordic Made Boiler Services Inc.	USA	62,50 %	1 237	227
Cross Maritime Group SA	Spain	80,00 %	143	2 510
Nordic Made, Inc.*	USA	100,00 %	-176	252
Nordic Made Poland Sp.Zo.O.	Poland	100,00 %	-39	745
			295	32 164

**Not audited.*

Book value of equity for some of the subsidiaries are lower than the book value of the investment. This is mainly due to incurred start-up costs. Valuations have been performed and support the book value of the subsidiaries at 31.12.2017. The valuations are based on the managements discounted budgeted future cash flow.

07 RELATED PARTY DISCLOSURES

Amount in NOK 1000

a) Purchase

Purchase of services and goods from	2017	2016
BLOM Maritime AS	1 144	3 179
BLOM Maritime INC	117	-
TECO Management AS		-
TECO Group AS	50	291
TECO Maritime AS	52	170
TECO Maritime Poland Sp.z.O.O	265	819
Crosscomar S.L.	200	476
TECO Solutions AS		1 510
TECO Maritime Middle East LLC	7 419	88 073
Nordic Made Inc	10 300	56 912
Nordic Made Poland Sp.z.O.O.	702	9 808

Sales of services and goods to	2017	2016
Nordic Made Inc	2 747	2 220
Nordic Made Poland SP.z.O.O	130	-
BLOM Maritime AS	471	773

TECO Solutions AS	647	777
TECO Maritime AS	42	1 200
TECO Maritime Middle East LLC	26	4
TECO Group AS	-109	194
TECO Electronics AS	345	251
TECO Maritime Far East Pte Ltd.	12	18
TECO Maritime Poland SP.z.O.O	-	59
Nordic Made Boiler Services Aps	-	7
Nordic Made Boiler Services Inc	407	407
Crosscomar S.L.	65	375

b) Balance with related parties

Loan to group companies long term		**2017**	**2016**
Long term loan	BLOM Maritime AS	0	695

Receivables short term		**2017**	**2016**
Intercompany	TECO Solutions AS	5 063	3 003
Intercompany	Crosscomar SL	488	2 693
Intercompany	Nordic Made Poland Sp.z.O.O	-	6
Intercompany	Nordic Made Inc	-	-
Intercompany	Blom Maritime AS	-	-
Intercompany	TECO Group AS	46	819
Intercompany	TECO Maritime AS	2 570	2 015
Intercompany	NM Boiler Services Inc	3 970	3 549
Total intercompany		*12 137*	*12 085*
Trade Receivables	TECO Maritime Poland Sp.z.o.O	-	97
Trade Receivables	TECO Maritime AS	408	1 500
Trade Receivables	TECO Electronics AS	-	205
Trade Receivables	TECO Solutions AS	794	847
Trade Receivables	Crosscomar SL	65	214
Trade Receivables	NM Boiler Services Inc	407	407
Trade Receivables	BLOM Maritime AS	471	1 247
Trade Receivables	TECO Group AS	-	242
Trade Receivables	TECO Maritime Far East Pte. Ltd	-	4
Trade Receivables	TECO Maritime Middle East LLC	-	4
Trade Receivables	Nordic Made Inc	2711	870
Total trade receivables		*4 856*	*5 637*
Total receivables from group companies		**16 994**	**17 722**

Trade receivable from related parties was i 2016 presented with Trade receivables.

Liabilities:		2017	2016
Short term loan	TECO Holding AS	36	-
Short term loan	TECO Group AS	109	-
Short term loan	Nordic Made AS	99	
Short term loan	TECO Maritime Middle East LLC	487	-
Total short term loan		*731*	*0*
Account payables	TECO Maritime AS	52	29
Account payables	TECO Solutions AS	-	96
Account payables	TECO Maritime Middle East LLC	7 418	11 884
Account payables	Crosscomar S.L.	200	265
Account payables	BLOM Maritime AS	1 144	-305
Account payables	3d Scanning Inc	117	-
Account payables	TECO Group AS	50	-380
Account payables	Nordic Made Inc	10 300	10 632
Account payables	Nordic Made Poland Sp.z.O.O	703	317
Account payables	TECO Maritime Poland Sp.z.o.O	265	1
Account payables	TECO Management	1	1
Total account payables		*20 251*	*22 540*
Total liabilities to related parties		**20 982**	**22 540**

08 FINANCIAL INCOME AND EXPENSES

NOK 1000	2017	2016
Gain of sale of investment	-	-
Interest income	12	49
Foreign exchange gains	2 699	5 721
Other financial income	384	232
Total financial income	**3 095**	**6 002**
Interest expenses	1 354	205
Foreign exchange loss	2 069	6 384
Other financial expenses	12	-
Total financial expenses	**3 435**	**6 589**

Income statement		
Financial income	3 095	6 002
Financial expenses	-3 435	-6 589
Net financial income/(expenses)	**-340**	**-587**

09 TAX

Specification of income tax: NOK 1 000	**2017**	**2016**
Income tax payable	-	-
Change in deferred tax	-7 358	-2 630
Total income tax expense	-7 358	-2 630
Specific. of temp. differences and deferred tax:	**2017**	**2016**
Property, plant and equipment	-898	-238
Construction contracts	4 696	15 041
Deffered income	-11 499	-15 003
	-766	-1 846
Tax loss carry forward	-10 467	-2 292
Total basis for deferred tax	-18 934	-4 338
Deferred tax liability 23% (24%) - recognized	-4 355	3 002
Deferred tax liability 23% (24%) - not recognized	-	-1 041

Specification of basis of tax payable:	**2017**	**2016**
Profit before income tax	-14 596	-10 448
Non-deductible expenses	-	429
Change in temporary differences	6 421	15 326
Taxable losses carried forward	-8 175	-5 307
Taxable profit	-	-
Reconciliation of effective tax rate:	**2017**	**2016**
Profit before income tax	-14 596	-10 448
Expected income tax (24%/25%)	-3 503	-2 612
Effect of change of tax rate from 24 % to 23 %	189	43
Not recognized deffered tax last year	-1 041	-169
Deffered tax last year	-3 003	
Adjusted for tax effect - Permanent differences	-	107
Total income tax expense	-7 358	-2 630

10 ASSETS PLEGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

NOK 1 000	**2017**	**2016**
Receivables	15 000	15 000
Goods	585	585
Total Current Assets pledged	**15 585**	**15 585**
Fixed Assets	1 986	2 294
Total non-current assets pledged	**1 986**	**2 294**
Total assets pledged as security	**17 571**	**17 880**

11 GOODS

NOK 1 000	**2017**	**2016**
Cost of goods	585	585

No impairment is considered in the value of goods

12 TRADE RECEIVABLES

NOK 1 000	**2017**	**2016**
Trade receivables/debtors	12 056	29 948

All receivables per 31.12.2017 have been received at the time of writing this report. No further losses on trade receivables are accrued.

13 OTHER RECEIVABLES

NOK 1 000	**2017**	**2016**
Contracts in progress, acc. Rev. and deferred cost	-	12 220
VAT settlement account	80	124
Loan employees	340	421
Other receivables	1 841	340
Net other receivables	**2 261**	**13 105**

14 CASH AND CASH EQUIVALENTS AND LIABILITIES TO FIN. INSTITUTIONS

NOK 1 000	2017	2016
Cash and cash equivalents	691	1 324
Total cash and cash equivalents	**691**	**1 324**
Restricted cash for Tax dues	*394*	*136*
Short term liabilities to financial institutions	11 605	12 684

15 SHARE CAPITAL AND SHAREHOLDERS INFORMATION

Total shares per 31.12.2017

	Share holder	Shares	%
1	TECO GROUP AS	97 408 537	70,50
2	RASMUSSEN MICHAEL NYGAARD	23 539 881	17,04
3	Citibank, N.A. S/A RBC CAPITAL MARK	8 260 750	5,98
4	HØGÅSEN HOLDING AS	1 565 384	1,13
5	BLOMS OPPMÅLING AS	1 468 909	1,06
6	NOROCO AS	1 300 743	0,94
7	BUSKERUD TELEMARK VE INVESTERINGSFOND AS	1 219 042	0,88
8	MONS HOLDING AS	527 415	0,38
9	Nordnet Bank AB	422 854	0,31
10	PODLINSKI LUKASZ KRZYSZTOF	399 087	0,29
11	AHLQVIST ROLF EINAR	373 358	0,27
12	SANDVIK LASSE	161 783	0,12
13	ERIKSEN TOM	122 470	0,09
14	STOCK INVESTMENT AS	110 822	0,08
15	BECK OLE TORMOD	99 320	0,07
16	ELVEVOLD ARNULF MARTIN	97 078	0,07
17	NEST TRADING A/S	89 863	0,07
18	HANSEN ROGER HARRY	85 895	0,06
19	TECO MARITIME ASA	85 583	0,06
20	BERNTZEN PETTER	80 891	0,06
	OTHER SHAREHOLDERS	748 200	0,54 %
		138 167 865	**100,00 %**

Shares owned by company management or Board of Directors:

Name	Title	Shares	% Share
Tore Enger (1)	CEO & Chairman	72 666 768	52,6 %
Christian Fr. Thyholdt (2)	CFO	12 663 109	9 %
Eivind Hermansen (3)	CRO	1 565 384	1,1 %
Lukasz Podlinski	Project Director	399 087	0,3 %
Michael Rasmussen	Board Member	23 539 881	17,04 %
TOTAL		110 834 229	80,2 %

1 Tore Enger has ownership through his 78,4% ownership in TECO Group AS

2 Christian Fr. Thyholdt has ownership through his 13% indirect ownership in TECO Group AS

3 Eivind Hermansen has ownership through his 100% ownership in Høgåsen Holding AS

16 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities of NOK 8 104 200 is related to investment in subsidiaries acquired in 2016. The liability is interest free and has an agreed down-payment period of four years.

17 BORROWINGS

The company has a bank overdraft facility with DNB, limited to USD 1 500 000. Utilization per 31.12.2017 was 100%

The overdraft facility is subject to the following covenants:

- Major changes in the company's owner constellation and/or management, to be authorized by the bank.
- The company's equity is expected to be a minimum of 20 000 000 NOK per 31.12.2016, and NOK 20 000 000 per 31.12.2017 and onwards. Measurement annually based on audited financial statement for the parent company/TECO Maritime Group AS.
- Utilization of the overdraft facility is expected to be lower than 50% of receivables.
- Periodical reporting every 3 months, with P&L and Balance Sheet, including a 6-month prognosis on liquidity.

18 CURRENT LIABILITIES

	2017	**2016**
Contracts in progress	11 902	15 816
Vacation allowance	1 061	971
Other liabilities	3 993	2 351
	16 956	**19 137**

19 OTHER OBLIGATIONS

TECO Maritime Group AS has guaranteed on behalf of its subsidiary, TECO Maritime AS, for payment of rent. As at 31.12.2017, the outstanding amount was NOK 920.420,-.

20 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements, requires the company to make judgements, use estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are considered reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an on-going basis.

Revenue recognition ongoing contracts

Revenue is recognized based on estimated progress under the contracts. Several estimates have to be made to calculate the stage of completion. These estimates have a direct influence on the amount of revenue and cost that is recognized in the relevant period.

Certain factors create uncertainty regarding the recognized revenue/cost on a given contract:

- Total man-hours estimated to complete scope of work
- Total materials purchase to complete scope of work
- Discussions with customers regarding which tasks are to be considered within scope of work, and which should generate a change order/separate job.

To reduce these uncertainties, all projects are reviewed thoroughly on a weekly basis. A project budget file is updated weekly by the responsible Project Manager. In order to provide necessary information to Accounting personnel, the project's total revenue and cost, thereby also the expected gross margin, needs to be estimated. Knowledge of complete scope of work, best estimates on remaining work/purchases, contract amount and all change orders to original contract are then combined in order to finalize the estimates.

Another important element of the project review, is to track all extra work/idle time etc, that eventually will lead to a change order from the customer and increase project revenue. Experience has shown that the total revenue from a turnkey installation contract always increases along the duration of the project, often with significant amounts.

As the company has experienced turnkey installation contracts that are significantly longer in duration than what was seen earlier, this furthermore increases the demand of continuous control and evaluation of all project estimates.

21 GOING CONCERN

The Balance Sheet for 2017 show a positive equity of NOK 62 046 011. The board assesses the equity to be sufficient, although it consists mainly of investment in subsidiaries. See also note 22 (Events after the reporting period), where there is a further description of development in the subsidiaries.

The market outlook for the industry is positive, and already approved legislative changes are assumed to trigger the market for installation services ahead. The company has positioned itself well to increase its activities within both scrubber and ballast water management systems installations in the future.

22 EVENTS AFTER THE REPORTING PERIOD

The financial statement is adjusted to reflect events after the balance sheet date that constitute a condition that existed at the date of the balance sheet, i.e. adjusted estimates for ongoing projects.

In April 2018, the company carried out a share issue raising MNOK 6.6, to strengthen the working capital.

At the time of writing this report, the preliminary results for 2018 are promising and the Board expects a positive operating result for the group for 2018.

FGH REVISJON

ANSVARLIGE REVISORER:
STATSAUTORISERT REVISOR FRODE G. HANSEN (REVISORREGISTERNR. 1006065)
STATSAUTORISERT REVISOR KAY VIDAR THOMASSEN (REVISORREGISTERNR. 1017234)
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Teco Maritime Group AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Teco Maritime Group AS showing a loss of TNOK 7.238 and an Equity of TNOK 62.046 in the financial statements which comprise the balance sheet as at December 31, 2017, and the statement of income, statement of changes in equity and statement of cash flows 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 give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows 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, included 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report,but does not include the financial statements and our auditor's report thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO for the Financial Statements

The Board of Directors and CEO (management) are responsible for the preparation and 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 and using the going concern basis of accounting 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 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.

Refer to http://revisorforeningen.no/revisjonsberetninger which contains a description of Auditor's responsibilities.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report [and in the statements on Corporate Governance and Corporate Social Responsibility] concerning the financial statements (,/and) the going concern assumption [, and the proposal for the allocation of the profit/coverage of the loss] is consistent with the financial statements and complies with the law and regulations.

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.

FGH REVISJON

REVISORREGISTERNR. 959 152 446

Emphasis of Matter

This audit report replaces our previous report dated June 30, 2018, which was issued on the date of the statutory deadline for limited liability companies for preparation of financial statements. A complete set of financial statements and Board of Directors' report had not been submitted by the Board of Directors and CEO at this date.

Oslo, September 24, 2018
FGH Revisjon AS

Ståle Raastad Hansen
State Authorized Public Accountant