



PETRONAV CARRIERS LLC

& the affiliates

- SHIBA SHIP-MANAGEMENT LTD
- DANAË MARINE LTD
- INVICTUS MARINE LTD
- ENTUS MARINE LTD

Fiscal year 2017

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Balance Sheet Statement

for the period of Jan. 1, to December 31, 2017

Petrogres Co. Limited / Balance Sheet	Notes	01/01 - 12/31/2017 <u>USD</u>	04/01 - 12/31/2016 <u>USD</u>
ASSETS			
Non-current assets			
Vessels	3	5,263,737	6,021,285
Long term receivables from related parties (Petrogres Co. Ltd)	12	0	1,674,248
Total non-current assets		5,263,737	7,695,533
Current assets			
Accounts receivable (Petrogres Co. Ltd)	4	971,294	-
Amounts receivable from related ship-companies & shareholder	4	1,000	323,027
Related ship owning companies receivables from Petronav	11	699,390	(342,941)
Management fees receivable from related ship owning companies	11	332,449	158,566
Prepaid expenses	5	37,650	-
Cash and cash equivalents		5,552	19,055
Total current assets		2,047,335	157,707
TOTAL ASSETS		\$ 7,311,072	\$ 7,853,240
EQUITY AND LIABILITIES			
Equity			
Additional paid-in capital		7,802,838	7,802,838
Retained earnings / (Losses)	7	(167,879)	-
Profit / (Loss) for the period		(1,509,928)	(167,879)
Equity attributable to equity holders of the		6,125,031	7,634,959
Non-controlling interests		0	0
Total equity		6,125,031	7,634,959
Current liabilities			
Accounts payable and accrued liabilities	8	147,292	54,615
Amounts due to related parties (other than ship owning companies)	8	6,911	348,041
Amounts due to related ship owning companies	11	699,390	(342,941)
Management fees payable from related ship owning companies to Petronav	11	332,449	158,566
Other current liabilities		-	-
Total current liabilities		1,186,042	218,281
TOTAL EQUITY AND LIABILITIES		\$ 7,311,073	\$ 7,853,240

Income Statement

for the period of Jan. 1, to December 31, 2017

Petronav Carriers Llc / Income statement	Notes	01/01 - 12/31/2017	04/01 - 12/31/2016
		USD	USD
Revenues from vessels operations	9	3,065,200	2,194,700
Revenues from vessels management	9	480,000	360,000
Total operating revenue		3,545,200	2,554,700
Vessels' operating expenses	10	703,165	610,837
Vessels' non-operating expenses	10	1,241,019	1,535,963
Administrative expenses	10	147,551	201,434
Total operating and management cost		2,091,736	2,348,234
EBITDA		1,453,464	206,466
Ordinary vessels' depreciation		930,098	374,345
Write-off of receivables from affiliated companies		2,033,294	-
EBIT		(1,509,928)	(167,879)
Interest expense		-	-
Profit/ (Loss) before income taxes		(1,509,928)	(167,879)
Income taxes		-	-
Profit for the period		\$ (1,509,928)	\$ (167,879)

Income Statement

for the period of Oct. 1, to December 31, 2017

Petronav Carriers Llc / Income statement	Notes	10/01 - 12/31/2017	10/01 - 12/31/2016
		USD	USD
Revenues from vessels operations	9	786,800	582,100
Revenues from vessels management	9	120,000	120,000
Total operating revenue		906,800	702,100
Vessels' operating expenses	10	86,719	151,408
Vessels' non-operating expenses	10	251,125	460,320
Administrative expenses	10	31,591	48,928
Total operating and management cost		369,436	660,656
EBITDA		537,364	41,444
Ordinary vessels' depreciation		388,274	168,348
Write-off of receivables from affiliated companies		2,033,294	-
EBIT		(1,884,204)	(126,904)
Interest expense		-	-
Profit/ (Loss) before income taxes		(1,884,204)	(126,904)
Income taxes		-	-
Profit for the period		\$ (1,884,204)	\$ (126,904)

Statement of changes in Equity

for the period of Jan. 1, to December 31, 2017

Petrogres Co. Limited / Changes in Equity	Additional Paid in capital USD	Retained earnings USD	Total equity USD
Equity at 31 December 2015	-	-	-
Vessel's contribution	7,802,838	-	7,802,838
Profit (loss) for the period	-	(167,879)	(167,879)
Equity at 31 December 2016	\$ 7,802,838	\$ (167,879)	\$ 7,634,959
Profit (loss) for the period	-	-1,509,928	-1,509,928
Equity at 31 December 2017	\$ 7,802,838	\$ (1,677,807)	\$ 6,125,031

Statement of cash flows

for the period of Jan. 1, to December 31, 2017

Petrogres Co. Limited / Income statement	Notes	01/01 - 12/31/2017	04/01 - 12/31/2016
		<u>USD</u>	<u>USD</u>
Profit before tax		(1,509,928)	(167,879)
Ordinary depreciation		930,098	374,345
Debt write off		-	-
Provision for doubtful receivables		-	-
Decrease/ (increase) in Long term receivable from related parties (Petrogres Co. Ltd)		1,674,248	-
Decrease/ (increase) in accounts receivable (Petrogres Co. Ltd)		(971,294)	-
Decrease/ (increase) in accounts receivable from related parties (ship-companies & shareholder)		322,027	-
Decrease/ (increase) in prepaid expenses		(37,650)	(323,027)
Decrease/ (increase) in amounts due from related party		-	-
Increase/(Decrease) in current debt to related party		(341,130)	-
Increase/(Decrease) in accounts payable		92,675	402,656
Increase/(Decrease) in income tax payable		-	-
Increase/ (Decrease) in non-current liabilities		-	-
A: Net cash flow from operating activities		159,047	286,095
Change of tangible assets		(172,550)	(267,040)
B: Net cash flow from investment activities		(172,550)	(267,040)
Net change in liquidity in the period (A +B)		(13,503)	19,055
Cash and cash equivalents at beginning of period		19,055	-
Cash and cash equivalents at end of period		5,552	19,055

Note 1: DESCRIPTION OF BUSINESS

Petronav Carriers LLC (the "Company") was incorporated in the State of Delaware on March 8, 2016 as a limited liability company. The principal offices of the Company are located in Piraeus, Greece.

The Company is the management company of four tankers vessels, (the "Vessels"), each owned by an independent entity as set out below:

<u>Vessel Name</u>	<u>Ship owning entity name</u>	<u>Country of incorporation</u>
MT APECUS	Shiba Ship Management Ltd.	Marshall Islands
MT OPTIMUS	Danae Marine Ltd.	Marshall Islands
MT INVICTUS	Invictus Marine S.A	Marshall Islands
MT ENTUS	Entus Marine Ltd.	Marshall Islands

As on April 1st 2016 the management of the four vessels passed to Petronav by a virtue of Management Agreement which executed among each ship-owning entity and Petronav. The vessels are currently managed by the Company and are chartered out on a time charter basis to Petrogres. Petronav is handling all day-to-day operations of the vessels and is entitle to a monthly management fee of \$10,000 by each ship-owning entity for the management provided to the vessels.

Note 2: SUMMARY OF SIGNIFICANT POLICIES

(a)Basis of preparation:

The accompanying unaudited condensed consolidated financial statements of the Vessels have been prepared in accordance with International Financial Reporting Standards.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments considered necessary for the fair presentation of the Company's financial position as of DECEMBER 31, 2017, the results of operations for the period from on July 1, 2017 to DECEMBER 31, 2017 and the relevant cash flows movements.

(b)Functional and presentation currency:

The condensed consolidated financial statements are presented in United States Dollars (\$) which is the functional currency of the Company.

(c) Cash and cash equivalents:

For the purpose of preparing the statement of cash flows, cash and cash equivalents comprise cash in hand. All of the cash transactions related to the operation of the vessels are handled by Petrogres Co. Limited, an affiliate company, which acts as the charterer of the vessels.

(d) Vessels, net:

Vessels are stated at cost, which comprises vessels' present fair value and major improvements, less accumulated depreciation and any impairment in value.

Depreciation is calculated using the straight-line method over the estimated useful lives of the vessels, with reference to the cost of the vessels. The management's estimate for the vessels' remaining useful lives since their acquisition is ten years.

(e) Revenue and expenses recognition:

Revenues are generated from time charter agreements. Time charter revenues are recorded over the term of the charter as service is provided. The Company recognizes revenue in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 605, Revenue Recognition. ASC 605 requires that the following basic criteria are met:

- Persuasive evidence of an arrangement
- Delivery of products and services
- The fee is fixed or determinable
- Collectability is reasonably assured

Vessels operating expenses comprise all expenses relating to the operation of the vessels, including crewing, insurance, repairs and maintenance, stores, lubricants, spares and miscellaneous expenses. Vessels operating expenses are recognized as incurred; payments in advance of service or use are recorded as prepaid expenses.

(f) Income taxes:

The Company is a limited liability company and is treated as a disregarded entity for income tax purposes. Any uncertain tax position taken by the member is not an uncertain position of the Company.

(g) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. Management is required to exercise its judgment in the process of determining estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenue and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(h) Fair value of financial instruments:

The carrying value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values because of their short term to maturity.

Note 3: VESSELS NET

Vessels, net / December 31, 2017	Balance
	<u>USD</u>
Vessels at cost	
December 31, 2015	9,550,000
Additions	449,380
Disposals	-
December 31, 2016	9,999,380
Accumulated depreciation	
December 31, 2015	3,603,750
Depreciation for the period	374,345
December 31, 2016	3,978,095
Net book value December 31 2016	\$ 6,021,285
Vessels at cost	
December 31, 2016	9,999,380
Additions	172,550
Disposals	-
December 31, 2017	10,171,930
Accumulated depreciation	
December 31, 2016	3,978,095
Depreciation for the period	930,098
December 31, 2017	4,908,193
Net book value December 31 2017	\$ 5,263,737

Note 4: RECEIVABLES FROM RELATED PARTIES

Receivable from Petrogres Co	December 31, 2107	December 31, 2106
	<u>USD</u>	<u>USD</u>
Petrogres Co.Limited	971,294	-
Total	\$ 971,294	\$ -

Accounts receivable/ ship-companies & shareholder	December 31, 2107	December 31, 2106
	<u>USD</u>	<u>USD</u>
Shiba Management Ltd	-	249,794
Danae Marine Ltd	-	222,136
Invictus Marine S.A.	-	(64,124)
Entus Marine Ltd	-	(81,082)
Christos Traios	1,000	0
Balancing figure	-	(3,697)
Total	\$ 1,000	\$ 323,027

Note 5: PREPAID EXPENSES

Prepaid expenses	December 31, 2107	December 31, 2106
	<u>USD</u>	<u>USD</u>
Vertus Marine Ltd	650	
Highsea Electronics Limited	3,500	
Oceawuo Chambers & Co/ Lawyer	30,000	
Multi- Plan GH Ltd	3,500	
Total	\$ 37,650	\$ -

Note 6: CASH & CASH EQUIVALENTS

Cash & cash equivalents	01/01 - 12/31/2017	01/01 - 9/30/2017	04/01 - 12/31/2016
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Bank accounts	3,820	6,223	3,105
Cash on hand	1,733	730	15,950
Total	\$ 5,552	\$ 6,953	\$ 19,055

Note 7: RETAINED EARNING

	Retained earnings
	<u>USD</u>
December 31, 2016	(167,879)
Profit/ (loss) for the period 1/1 to 9/30/2017	374,276
Profit/ (loss) for the period 10/1 to 12/31/2017	(1,884,204)
December 31, 2017	\$ (1,677,807)

Note 8: ACCOUNTS PAYABLE

a. Accounts payable per vendor

Accounts payable	December 31, 210	December 31, 210
PrimeCast Ltd	55,050	13,250
Prometheus Maritime Ltd	2,431	6,546
Phannex Limited	4,600	-
SpeedCast Cyprus Ltd	13,128	550
Deloitte	2,500	-
The Trust Company Of The Marshall Islands	500	1,050
Karagiannopoulos Panagiotis	12,384	-
Wages Payable/ APECUS	13,120	18,160
Wages Payable/ OPTIMUS	11,753	8,250
Wages Payable/ INVICTUS	15,640	5,050
Wages Payable/ ENTUS	11,470	10,310
Cheques Outstanding	2,375	-
SpeedCast Cyprus Ltd	1,559	-
KARAGIANOPOULOS P.	-	-4,735
OTHER PAYABLES	782	-
Balancing figure	-	(3,816)

Accounts payable	December 31, 2107	December 31, 2106
Type:		
Trade Accounts Payable	147,292	54,615
Related parties	6,911	348,041
Total	\$ 154,203	\$ 402,656

Note 9: RESULTS PER SEGMENT

Results from vessel's operations y-o-y	01/01 - 12/31/2017	04/01 - 12/31/2016
	USD	USD
Revenues from operations	3,065,200	2,194,700
Vessels' operating expenses	703,165	610,837
Vessels' non-operating expenses	1,241,019	1,532,417
EBITDA	1,121,016	51,446
Vessels' Depreciation	930,098	503,758
Revenues from operations	3,065,200	2,194,700
Vessels' operating expenses	703,165	610,837
Vessels' non-operating expenses	1,241,019	1,532,417
EBITDA	1,121,016	51,446
Vessels' Depreciation	930,098	503,758
Profit/ (loss) for the period from vessels' operations	\$ 190,918	\$ (452,312)
Write-off of receivables from affiliated companies	2,033,294	-
Profit/ (loss) for the period	\$ (1,842,377)	\$ (452,312)
Results from vessel's operations Q4 2017/ 2016	10/01 - 12/31/2017	10/01 - 12/31/2016
	USD	USD
Revenues from operations	786,800	582,100
Vessels' operating expenses	86,719	151,408
Vessels' non-operating expenses	251,125	460,320
EBITDA	448,956	-29,628
Vessels' Depreciation	388,274	168,348
Profit/ (loss) for the period from vessels' operations	\$ 60,682	\$ (197,976)
Write-off of receivables from affiliated companies	2,033,294	-
Profit/ (loss) for the period	\$ (1,972,613)	\$ (197,976)
Results from management services y-o-y	01/01 - 12/31/2017	04/01 - 12/31/2016
	USD	USD
Revenues from vessels' management	480,000	360,000
Administrative expenses	147,551	201,434
Profit/ (loss) for the period from management services	\$ 332,449	\$ 158,566
Results from management services Q4 2017/ 2016	10/01 - 12/31/2017	10/01 - 12/31/2016
	USD	USD
Revenues from vessels' management	120,000	120,000
Administrative expenses	31,591	48,928
Profit/ (loss) for the period from management services	\$ 88,409	\$ 71,072

Note 10: EXPENSES BY NATURE

Analysis of expenses	01/01 - 12/31/2017	04/01 - 12/31/2016
	<u>USD</u>	<u>USD</u>
Vessels' operating expenses		
Bridge supplies	169	
Cabin supplies	885	
Charts supplies	172	
Deck supplies	2,013	
Electric supplies	1,795	
Engine supplies	24,204	
Navigation supplies	2,800	
Paints supplies	8,006	
Safety supplies	3,561	
Fresh Water supplies	16,418	
Various supplies	9,051	
Barging Expenses	1,445	
Condition & Damage Surveys	1,000	
Engine spareparts	92,120	
STS Operation	20,200	
Fines & Penalties	1,427	
Maintenance & Repairs	265,588	
Total maintenance, repairs & other vessel expenses	450,854	478,562
Port expenses/ Agency Fee	13,394	20,400
Total Agency fees	13,394	20,400
Port expenses/ Anchorage Dues	23,463	57,180
Port expenses/ Berth & Wharfaages	18,000	
Port expenses/ Berth & Wharfages	34,292	
Port expenses/ Garbage Removal	236	
Port expenses/ Medical Support	500	
Port expenses/ Pilotages	342	
Port expenses/ Repres. & Gifts	3,590	
Port expenses/ Tugs & Launch	6,775	
Port expenses/ Various	4,368	
Total Port expenses	91,566	57,180
Lubricants supplies	57,844	54,695
Total Lubricants supplies	57,844	54,695
Bunkers	89,506	0
Total bunkers	89,506	0
Total Vessel's operating expenses	\$ 703,165	\$ 610,837

Analysis of expenses (cont.)	01/01 - 12/31/2017	04/01 - 12/31/2016
	<u>USD</u>	<u>USD</u>
Vessels' non-operating expenses		
Crew wages	454,086	894,580
Extra & Bonus	55,643	
Overtimes	21,687	
Total crew wages & benefits	531,416	894,580
Flag expenses	23,200	47,620
Total flag expenses	23,200	47,620
Hull & Machinery	59,250	59,250
Total Hull & Machinery	59,250	59,250
P & I/FD & D	57,604	75,720
Injures & Compen.	3,588	
Medical & Hospital	20,378	
Total P&I/ FS&D	81,570	75,720
Management Fee	480,000	360,000
Total Management Fee	480,000	360,000
Various	1,086	0
Penalties & Dispatches	1,696	
Total various expenses	2,782	0
Radio & Communication	27,288	19,307
Total Radio & Communication	27,288	19,307
Travelling & Accommodation	1,398	16,040
Total Travelling & Accommodation	1,398	16,040
Victualling	34,116	59,900
Total Victualling	34,116	59,900
Total Vessel's non-operating expenses	\$ 1,241,019	\$ 1,532,417

Analysis of expenses (cont.)	01/01 - 12/31/2017	04/01 - 12/31/2016
	<u>USD</u>	<u>USD</u>
Administrative expenses		
Accounting / Reporting Fee	708	-
Bank Charges	2,379	-
Certifications	2,900	-
Contractors	1,000	-
Corporation expenses/ Delaware filings	3,858	1,050
Domain- Web Expenses	566	-
Extraordinary & Non Operating Expenses	1,642,899	-
Extraordinary & Non Operating Income	416,367	-
Legals & Attorneys fee	5,000	7,050
Floating related expenses	-	22,500
Hellas branch	-	126,434
Ghana branch	-	27,000
Office Staff	82,907	-
Superintendents	12,000	-
Tellecommunication (Office)	643	7,900
Travelling & Accommodation	4,619	-
Auditors Fees and Expenses	5,000	-
Other administrative expenses	-	9,500
Reclass of write-offs to designated line of BS	-2,033,294	-
Total administrative expenses	\$ 147,551	\$ 201,434

Note 11: BALANCES PETRONAV WITH SHIP-OWNING COMPANIES

Ship owning companies receivables from Petronav		December 31, 2107	December 31, 2106
<u>Company</u>	<u>Vessel</u>	<u>USD</u>	<u>USD</u>
Shiba Management Ltd	M/T Apecus	331,442	-
Danae Marine Ltd	M/T Optimus	417,296	-
Invictus Marine S.A.	M/T Invictus	422,164	-
Entus Marine Ltd	M/T Entus	(323,960)	-
Balance with Petrogres, Co. Limited		-	(342,941)
Administrative expenses paid		(147,551)	-
Total		\$ 699,390	\$ (342,941)

Amounts due to ship owning companies		December 31, 2107	December 31, 2106
<u>Company</u>	<u>Vessel</u>	<u>USD</u>	<u>USD</u>
Shiba Management Ltd	M/T Apecus	331,442	-
Danae Marine Ltd	M/T Optimus	417,296	-
Invictus Marine S.A.	M/T Invictus	422,164	-
Entus Marine Ltd	M/T Entus	(323,960)	-
Balance with Petrogres, Co. Limited		-	(342,941)
Administrative expenses paid		(147,551)	-
Total		\$ 699,390	\$ (342,941)

Note 12: LONG TERMS RECEIVABLES FROM RELATED PARTIES

a. Total exposure:

Related party	December 31, 2107	December 31, 2106
	<u>USD</u>	<u>USD</u>
Shiba Management Ltd	-	631,918
Danae Marine Ltd	-	464,480
Invictus Marine	-	319,806
Entus Marine Ltd	-	258,044
Total	\$ -	\$ 1,674,248

Balances above were written off, affecting the Statement of Operations of the Company In Group level, no such effect exists, as Petrogres Co. Ltd. (the counter party) wrote off the respective liability balance.

Comments on Company's performance:

- During the period from October 1 to December 31, 2017 the four vessels earned time charter hire revenue of \$786,800 from Petrogres Co. Limited, compared to \$ 523,300 for the period July 1 to September 30, 2017, an increase of 263,500 or 50,35%.
- Accordingly, operating, non-operating and administrative expenses have increased in aggregate by \$12,900 from Q3 to Q4 of 2017, or 3% depicting the increased efficiency in cost control during FY 2017.

Related party transactions:

(a) Company reorganization:

As described in note 1, pursuant to reorganization effected on April 1, 2016, the four vessels management was assumed by the Company, including any/all liabilities, rights, benefits and any interest of said vessels.

(b) Due from Petrogres Co. Limited:

As at DECEMBER 31, 2017 an amount of **\$971,294** is due from Petrogres Co. Limited as balance of vessels hires.

This amount together with any additional amount (debit / credit) which will be incurred in the future shall be distributed to the respective ship-owning companies, after the settlement of any Creditors' balances associated with vessel's expenses.

Commitments and contingent obligations:

The Company is not a party to any litigation and to, its knowledge, no action, suit or proceeding has been threatened against the Company as at DECEMBER 31, 2017.