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MOL Nordic Tankers Trading A/S
Tuborg Havnevej 15
2900 Hellerup
Business Registration No 17952072

Annual report 2018

The Annual General Meeting adopted the annual report on 08.04.2019

Chairman of the General Meeting

Name: Henriette Schütze

Contents

Entity details

Entity
MOL Nordic Tankers Trading A/S
Tuborg Havnevej 15
2900 Hellerup

Central Business Registration No (CVR): 17952072
Registered in: Gentofte
Financial year: 01.01.2018 - 31.12.2018

Board of Directors
Henriette Schütze, Chairman
Per Sylvester Jensen
Annette Bruhn Hasenberg

Executive Board
Per Sylvester Jensen, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postbox 1600
0900 Copenhagen 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 MOL Nordic Tankers Trading A/S for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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, 15.03.2019

Executive Board

Per Sylvester Jensen
CEO

Board of Directors

Henriette Schütze Chairman	Per Sylvester Jensen	Annette Bruhn Hasenberg

Independent auditor's report

To the owner of MOL Nordic Tankers Trading A/S

Opinion

We have audited the financial statements of MOL Nordic Tankers Trading A/S for the financial year 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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, 15.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Henrik Hjort Kjelgaard
State Authorised Public Accountant
Identification No (MNE) mne29484

Bjarne Iver Jørgensen
State Authorised Public Accountant
Identification No (MNE) mne35659

Management commentary

	2018 USD'000	2017 USD'000	2016 USD'000	2015 USD'000	2014 USD'000
Financial highlights					
Key figures					
Revenue	85.798	68.003	83.393	78.663	29.899
Gross profit/loss	855	13.214	278	(1.070)	(431)
Operating profit/loss	(11.259)	(7.250)	124	(1.567)	(354)
Net financials	(48)	(769)	(83)	(20)	(13)
Profit/loss for the year	(11.380)	(7.979)	(145)	(1.748)	(477)
Total assets	14.376	12.486	11.582	13.062	7.298
Investments in property, plant and equipment	757	0	9	469	0
Equity	(7.545)	3.835	(330)	(185)	1.563
Ratios					
Gross margin (%)	1,0	19,4	0,3	(1,4)	(1,4)
Net margin (%)	(13,3)	(11,7)	(0,2)	(2,2)	(1,6)
Return on equity (%)	-	(455,3)	-	(253,7)	(30,5)
Equity ratio (%)	(52,5)	30,7	(2,8)	(1,4)	21,4

Financial highlights are defined and calculated in accordance with the Danish Society of Financial Analysts current "Recommendations & Ratios".

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's business activity consists of conducting shipping activities globally with chartered vessels, focusing on safety, quality and thus climate and environment friendly transport at sea. Furthermore, the Company has investments in a number of subsidiaries which are engaged in shipping activities.

Development in activities and finances

The Company's result for the year 2018 is USD -11.4 million and the equity as of 31 December 2018 amounts to USD -7.5 million.

The result is mainly due to adverse market conditions in the chemical tanker segment.

The Company plans to re-establish the equity during 2019.

Business related risks

Although a large percentage of the Company's earnings come from COA contracts, the general freight market influences the basic profits.

Outlook

Management expects that the Company will realize an improved result for 2019. However, this is dependent on the development in the freight market.

Capital preparedness and liquidity

Being a global player in the chemical tankers segment, MOL Nordic Tankers Trading A/S is exposed to a variety of risks.

The Executive Management Team continuously monitors the potential risks considered to have the most significant impact on the Group's financial position and business performance. The Executive Management Team continuously evaluates any measures deemed relevant to limit the Group's sensitivity to such risks. Risks and measures are reviewed at least annually with the Board of Directors.

Events after the balance sheet date

On 5 March 2019, the shareholder of MOL Nordic Tankers Trading A/S decided to re-establish the equity of the Company by converting shareholder loans amounting to USD 17.5 million to equity.

Income statement for 2018

	Notes	2018 USD'000	2017 USD'000
Revenue		85.798	68.003
Operating income		7.478	8.547
Cost of sales		(87.966)	(60.870)
External expenses		(4.455)	(2.466)
Gross profit/loss		**855**	**13.214**
Staff costs	1	(10.580)	(19.349)
Depreciation, amortisation and impairment losses	2	(1.534)	(1.115)
Operating profit/loss		**(11.259)**	**(7.250)**
Income from investments in group enterprises		172	(694)
Income from investments in associates		(3)	0
Financial income	3	1.569	629
Financial expenses	4	(1.786)	(704)
Profit/loss before tax		**(11.307)**	**(8.019)**
Tax on profit/loss for the year	5	(73)	40
Profit/loss for the year	6	**(11.380)**	**(7.979)**

Balance sheet at 31.12.2018

	Notes	2018 USD'000	2017 USD'000
Acquired intangible assets		0	26
Intangible assets	7	**0**	**26**
Ships		265	1.016
Property, plant and equipment	8	**265**	**1.016**
Investments in group enterprises		507	694
Receivables from group enterprises		0	122
Investments in associates		0	2
Fixed asset investments	9	**507**	**818**
Fixed assets		**772**	**1.860**
Raw materials and consumables		1.031	796
Inventories		**1.031**	**796**
Trade receivables		5.281	2.587
Receivables from group enterprises		1.129	98
Other receivables		3.452	3.711
Income tax receivable		1	67
Prepayments	10	2.362	2.484
Receivables		**12.225**	**8.947**
Cash		**348**	**883**
Current assets		**13.604**	**10.626**
Assets		**14.376**	**12.486**

Balance sheet at 31.12.2018

	Notes	2018 USD'000	2017 USD'000
Contributed capital		97	97
Reserve for net revaluation according to the equity method		478	175
Retained earnings		(8.120)	3.563
Equity		**(7.545)**	**3.835**
Trade payables		3.295	3.141
Payables to group enterprises		15.242	4.024
Other payables		3.384	1.486
Current liabilities other than provisions		**21.921**	**8.651**
Liabilities other than provisions		**21.921**	**8.651**
Equity and liabilities		**14.376**	**12.486**
Contingent liabilities	11		
Transactions with related parties	12		
Group relations	13		

Statement of changes in equity for 2018

	Contributed capital USD'000	Reserve for net revaluation according to the equity method USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	97	175	3.563	3.835
Profit/loss for the year	0	303	(11.683)	(11.380)
Equity end of year	**97**	**478**	**(8.120)**	**(7.545)**

Notes

	2018 USD'000	2017 USD'000
1. Staff costs		
Wages and salaries	10.072	17.795
Pension costs	488	741
Other social security costs	(435)	(28)
Other staff costs	455	841
	10.580	**19.349**
Average number of employees	**48**	

	2018 USD'000	2017 USD'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	26	96
Depreciation of property, plant and equipment	1.353	1.019
Profit/loss from sale and disposals of property, plant and equipment	155	0
	1.534	**1.115**

	2018 USD'000	2017 USD'000
3. Financial income		
Interest income	27	19
Exchange rate adjustments	1.542	610
	1.569	**629**

	2018 USD'000	2017 USD'000
4. Financial expenses		
Financial expenses from group enterprises	234	33
Interest expenses	2	3
Exchange rate adjustments	1.550	658
Other financial expenses	0	10
	1.786	**704**

Notes

5. Tax on profit/loss for the year	2018 USD'000	2017 USD'000
Current tax	15	0
Adjustment concerning previous years	58	(40)
	73	**(40)**

6. Proposed distribution of profit/loss	2018 USD'000	2017 USD'000
Retained earnings	(11.380)	(7.979)
	(11.380)	**(7.979)**

7. Intangible assets	Acquired intangible assets USD'000
Cost beginning of year	2.811
Disposals	(2.200)
Cost end of year	**611**
Amortisation and impairment losses beginning of year	(2.785)
Depreciation for the year	(26)
Reversal regarding disposals	2.200
Amortisation and impairment losses end of year	**(611)**
Carrying amount end of year	**0**

Notes

8. Property, plant and equipment

	Ships USD'000
Cost beginning of year	3.016
Additions	757
Disposals	(3.016)
Cost end of year	**757**
Depreciation and impairment losses beginning of year	(2.000)
Depreciation for the year	(1.353)
Reversal regarding disposals	2.861
Depreciation and impairment losses end of year	**(492)**
Carrying amount end of year	**265**

9. Fixed asset investments

	Investments in group enterprises USD'000	Receivables from group enterprises USD'000	Investments in associates USD'000
Cost beginning of year	20	122	13
Disposals	(4)	(122)	0
Cost end of year	**16**	**0**	**13**
Revaluations beginning of year	674	0	0
Share of profit/loss for the year	170	0	0
Dividend	(300)	0	0
Reversal regarding disposals	(53)	0	0
Revaluations end of year	**491**	**0**	**0**
Impairment losses beginning of year	0	0	(11)
Share of profit/loss for the year	0	0	(2)
Impairment losses end of year	**0**	**0**	**(13)**
Carrying amount end of year	**507**	**0**	**0**

Notes

	Registered in	Equity interest %	Equity USD'000	Profit/loss USD'000
Investments in group enterprises comprise:				
Nordic Tankers (USA) Inc.	USA	100,0	475	164
Nordic Tankers (Columbia) Ltda.	Columbia	100,0	32	9
Nordic Tankers Marine India Pvt Ltd.	India	20,0	0	(13)

10. Prepayments

Prepayments consist of prepaid expenses related to voyage expenses.

11. Contingent liabilities

The Company participates in a Danish joint taxation arrangement where MOL Nordic Tankers A/S serves as the administration company. According to the joint taxation provi-sions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies, relating to the with-holding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12. Transactions with related parties

During the financial year, related party transactions have been conducted on an arm's length basis.

13. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: MOL Nordic Tankers A/S, Tuborg Havnevej 15, 2900 Hellerup, Denmark. Business registration no. 34466696.

The consolidated financial statements of the foreign parent company can be obtained at the following ad-dress: Tuborg Havnevej 15, 2900 Hellerup, Denmark.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to this financial statement are consistent with those applied last year. The Company has decided to submit the annual report in USD in accordance with section 16 of the Danish Financial Statements Act.

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 is recognised in the income statement when:

- The income creating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Company
- Costs relating to the transaction can be measured reliably

Revenue comprises freight and demurrage and fees for commercial management. Revenue is recognised when it meets the general criteria mentioned above and the stage of completion can be measured reliably. The stage of completion is based on the number of voyage days completed divided by the expected total voyage days for the individual voyage. Accordingly, freight revenue is recognised at selling price multiplied by stage of completion for voyages in progress at year-end.

Operating income

Operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activ ities.

Accounting policies

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

External expenses
External expenses include expenses relating to the Entity's ordinary activities.

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

Depreciation, amortisation and impairment losses
Depreciation on fixed assets pertains mainly to vessels and dry-dockings (see 'Property, plant and equipment' for the description of depreciation principles). Write-downs are made when impairment tests shows that the value of fixed assets is impaired. Profit/loss from sale of intangible assets and property, plant and equipment are incurred in connection with sale of the Company's fixed assets.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of intra-group profits or losses.

Financial income
Financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies, amortisation of financial assets etc.

Financial expenses
Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies, amortisation of financial liabilities etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, 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.

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Accounting policies

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

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

Property, plant and equipment
Property, plant and equipment includes dockings on chartered-in vessels, and are measured at cost less accumulated depreciation. The cost comprises the cost of acquisition and any expenses directly related to the acquisition until the time when the asset is ready for use, including interest expenses incurred during the period of construction. Depreciation is charged over the expected economic lives of the assets, and the depreciation methods, expected lives and residual values are reassessed individually for the assets at the end of each financial year.

Dockings: The fleet of own vessels is required to undergo planned dry dockings for major repairs and maintenance, which cannot be carried out while the vessels are operating. Dry-dockings are generally required every 30-60 months depending on the nature of the work. Costs relating to dry-dockings are capitalised and depreciated on a straight-line basis over a period of 60 months or to the next dock if within 30 months. The residual value is estimated at zero. A portion of the cost of acquiring a new vessel is allocated to the components expected to be replaced or refurbished at the next dry-docking. For new buildings, the initial dry-docking asset is estimated on the basis of the expected costs related to the first-coming docking, which is based on experience with similar vessels. At subsequent dry-dockings, the asset comprises the actual docking costs incurred.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually.

Accounting policies

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

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

Inventories
Inventories consist of bunker oil and lubricants, etc. and are measured at cost using the FIFO method or the net realisable value, whichever is lower.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepaid expenses recognised under assets comprise incurred expenses related to the following financial year and are measured at cost.

Accounting policies

Cash

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities comprise trade payables and other payables to public authorities, etc. Other financial liabilities are initially measured at fair value less any transaction costs. Liabilities are subsequently measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement as a financial expense over the term of the loan.

Cash flow statement

The cash flow statement is not included in the annual report in accordance with the Danish Financial Statements Act § 86, section 4.