

Nordic Tankers A/S
Tuborg Havnevej 15
2900 Hellerup
Business Registration No
34466696

Annual report 2017

The Annual General Meeting adopted the annual report on 30.04.2018

Chairman of the General Meeting



Name: Carl Willem Henrik Moltke

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017	7
Balance sheet at 31.12.2017	8
Statement of changes in equity for 2017	10
Notes	11
Accounting policies	14

Entity details

Entity

Nordic Tankers A/S
Tuborg Havnevej 15
2900 Hellerup

Central Business Registration No (CVR): 34466696

Registered in: Hellerup

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Terje Askvig, Chairman

Terje Morten Tollefsen

Fredrik Behrens Brynildsen

Jan Marcelli Kopernicki

Klaus Kjærulff

Per Sylvester Jensen

Executive Board

Per Sylvester Jensen, Chief Executive Officer

Henriette Schütze, Chief Financial Officer

Annette Bruhn Hasenberg , Senior Vice President, People, Communication & Culture

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 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 Nordic Tankers A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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.

Copenhagen, ~~20.09~~ 2018

Executive Board



Per Sylvester Jensen
Chief Executive Officer



Henriette Schütze
Chief Financial Officer



Annette Bruhn Hasenberg

Board of Directors



Terje Askvig
Chairman



Terje Morten Tollefsen



Fredrik Behrens Brynildsen



Jan Marcelli Kopernicki



Klaus Kjærulff



Per Sylvester Jensen

Independent auditor's report

To the shareholders of Nordic Tankers A/S

Opinion

We have audited the financial statements of Nordic Tankers A/S for the financial year 01.01.2017 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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, 20.04.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556



Henrik Hjort Kjelgaard
State Authorised Public Accountant
Identification No (MNE) 29484



Bjarne Iyer Jørgensen
State Authorised Public Accountant
Identification No (MNE) 35659

Management commentary

Primary activities

The Company's business activity consists of investments in a number of subsidiaries that are engaged in tanker shipping activities globally using own and chartered vessels, and having a focus on safety, quality and thus climate and environment friendly transport at sea.

Development in activities and finances

The Company's result for the year 2017 is USD -6.3 million and the equity as of 31 December 2017 amounts to USD 62.3 million.

On 5 May 2017, Nordic Tankers A/S established a new subsidiary, Dania Ship Management A/S, by transferring the technical management activities from the subsidiary Nordic Tankers Trading A/S into the new entity. Upon inception, Dania Ship Management A/S had 32 vessels under technical management, and 28 employees from Nordic Tankers Trading A/S were moved into the new company.

Effective 1 June 2017, a partnership was formed with V.Group, entailing that V.Group became shareholder of Dania Ship Management A/S.

On 15 December 2017, effective 31 January 2018, it was announced that Dania Ship Management would extend its ship management capabilities to include dry cargo in a partnership agreement with Clipper Fleet Management, part of the Clipper Group.

Events after the balance sheet date

No events, other than the above mentioned transaction with Clipper Group, have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017</u> <u>USD'000</u>	<u>2016</u> <u>USD'000</u>
Other operating income		0	3.287
Other external expenses		<u>(636)</u>	<u>(1.153)</u>
Operating profit/loss		(636)	2.134
Income from investments in group enterprises		(5.640)	4.500
Income from investments in associates		(48)	33
Other financial income	2	95	391
Other financial expenses	3	<u>(99)</u>	<u>(1.896)</u>
Profit/loss before tax		(6.328)	5.162
Tax on profit/loss for the year	4	<u>(21)</u>	<u>151</u>
Profit/loss for the year		(6.349)	5.313
Proposed distribution of profit/loss			
Retained earnings		<u>(6.349)</u>	<u>5.313</u>
		(6.349)	5.313

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>USD'000</u>	<u>2016</u> <u>USD'000</u>
Investments in group enterprises		55.344	65.043
Receivables from group enterprises		3.487	0
Investments in associates		0	0
Investments in joint ventures		36	490
Fixed asset investments	5	<u>58.867</u>	<u>65.533</u>
Fixed assets		<u>58.867</u>	<u>65.533</u>
Receivables from group enterprises		8	8
Other receivables		0	51
Income tax receivable		144	0
Receivables		<u>152</u>	<u>59</u>
Cash		<u>5.690</u>	<u>5.528</u>
Current assets		<u>5.842</u>	<u>5.587</u>
Assets		<u>64.709</u>	<u>71.120</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>USD'000</u>	<u>2016</u> <u>USD'000</u>
Contributed capital	6	1.089	1.089
Retained earnings		<u>61.162</u>	<u>67.511</u>
Equity		<u>62.251</u>	<u>68.600</u>
Payables to group enterprises		<u>2.262</u>	<u>2.260</u>
Non-current liabilities other than provisions		<u>2.262</u>	<u>2.260</u>
Trade payables		12	5
Payables to group enterprises		45	0
Income tax payable		0	70
Other payables		<u>139</u>	<u>185</u>
Current liabilities other than provisions		<u>196</u>	<u>260</u>
Liabilities other than provisions		<u>2.458</u>	<u>2.520</u>
Equity and liabilities		<u>64.709</u>	<u>71.120</u>
Staff costs	1		
Contingent liabilities	7		
Related parties with controlling interest	8		
Transactions with related parties	9		
Group relations	10		

Statement of changes in equity for 2017

	Contributed capital USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	1.089	67.511	68.600
Profit/loss for the year	0	(6.349)	(6.349)
Equity end of year	1.089	61.162	62.251

Notes

	<u>2017</u>	<u>2016</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>
	<u>2017</u>	<u>2016</u>
	<u>USD'000</u>	<u>USD'000</u>
2. Other financial income		
Financial income arising from group enterprises	43	391
Other interest income	40	0
Exchange rate adjustments	2	0
Other financial income	<u>10</u>	<u>0</u>
	<u>95</u>	<u>391</u>
	<u>2017</u>	<u>2016</u>
	<u>USD'000</u>	<u>USD'000</u>
3. Other financial expenses		
Financial expenses from group enterprises	76	109
Exchange rate adjustments	15	107
Other financial expenses	<u>8</u>	<u>1.680</u>
	<u>99</u>	<u>1.896</u>
	<u>2017</u>	<u>2016</u>
	<u>USD'000</u>	<u>USD'000</u>
4. Tax on profit/loss for the year		
Current tax	9	(136)
Adjustment concerning previous years	<u>12</u>	<u>(15)</u>
	<u>21</u>	<u>(151)</u>

Notes

	Invest- ments in group enterprises USD'000	Receivables from group enterprises USD'000	Investments in associates USD'000	Investments in joint ventures USD'000
5. Fixed asset investments				
Cost beginning of year	138.310	0	0	100
Additions	44	3.487	44	0
Disposals	(75.878)	0	0	(64)
Cost end of year	62.476	3.487	44	36
Revaluations beginning of year	0	0	0	390
Share of profit/loss for the year	0	0	0	(4)
Dividend	0	0	0	(386)
Revaluations end of year	0	0	0	0
Impairment losses beginning of year	(73.267)	0	0	0
Share of profit/loss for the year	(5.595)	0	(44)	0
Dividend	(4.000)	0	0	0
Reversal regarding disposals	75.730	0	0	0
Impairment losses end of year	(7.132)	0	(44)	0
Carrying amount end of year	55.344	3.487	0	36
	Number	Par value USD'000	Nominal value USD'000	
6. Contributed capital				
Share capital	1.088.805	1	1.089	
	1.088.805		1.089	

Notes

7. Contingent liabilities

The Company is a management company being party to a national Danish international joint taxation and VAT scheme. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is, therefore, liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 for obligations, if any, relating to withholding of tax on interest, royalties and dividend for the jointly taxed companies. The total amount of income taxes payable is evident from the annual report of Nordic Tankers A/S.

8. Related parties with controlling interest

Related parties with a controlling interest:

Nordic Tankers A/S is 100% owned by Nordic Tankers LuxCo S.C.A., Luxembourg, which has a controlling interest in the Company.

9. Transactions with related parties

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

10. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Nordic Tankers LuxCo S.C.A., 2C, rue Albert Borschette, 1246 Luxembourg. Luxembourg registration no. B 159677.

The consolidated financial statements of the foreign parent company can be obtained at the following address: Registre de Commerce et des Sociétés, L-2961 Luxembourg.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Related parties

Only information on transactions with related parties that are not carried-out normal marked-related terms are mentioned, cf. the exemption in the Danish Financial Statements Act section 98 c.

Accounting policies

Income statement

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current 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 internal 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 internal profits or losses.

Other financial income

Other financial income comprises, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies.

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.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

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 plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the

Accounting policies

negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

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.

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 plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised pro rata internal profits and losses.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

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.

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

Investments in joint ventures

Investments in joint ventures are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the joint ventures equity value.

Joint ventures with negative equity value are measured at DKK 0. Any receivables from these joint ventures 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 joint venture, 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 joint ventures is transferred to Reserve for net revaluation according to the equity method under equity.

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

Receivables

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

Accounting policies

Income tax payable or receivable

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.