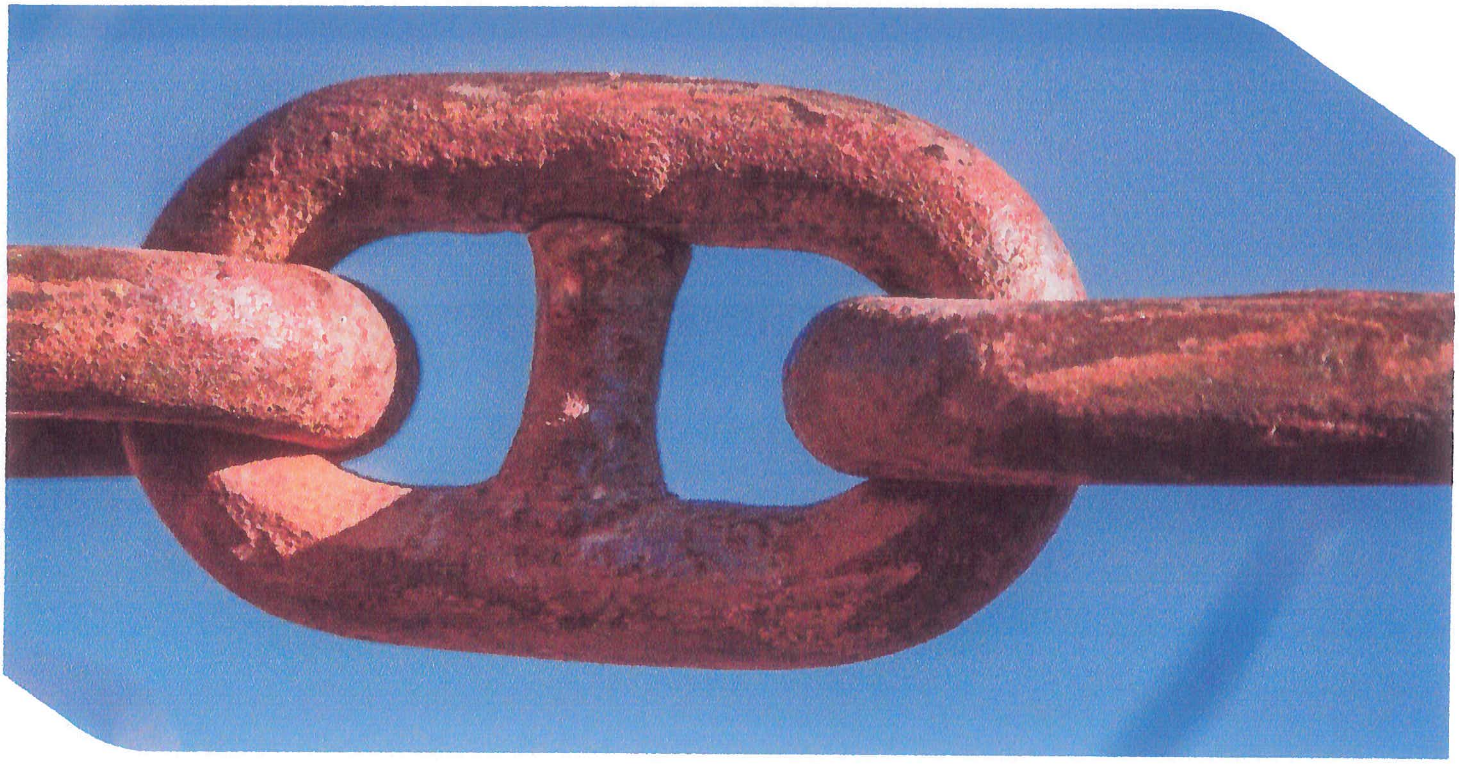
ANNUAL REPORT

2018



MOL Nordic Tankers A/S

Registration no. 34 46 66 96
Tuborg Havnevej 15
2900 Hellerup

The Annual General Meeting adopted the annual report on 8 March 2019

Chairman of the General Meeting

Henriette Schütze

MOL NORDIC TANKERS

Contents

Key figures

USD '000	2018	2017	2016	2015	2014
INCOME STATEMENT					
Revenue	136,696	116,751	111,439	148,786	193,799
Time charter equivalent earnings (TCE)	71,591	70,272	73,410	80,014	82,737
Operating profit bef. depreciations etc. (EBITDA)	1,273	5,835	14,104	13,479	1,113
Depreciations, write-downs and gains/losses	8,030	8,814	5,999	15,477	20,926
Operating profit (EBIT)	-6,757	-3,027	8,138	-1,465	-20,978
Net financials	-3,639	-3,313	-5,116	4,689	-4,540
Result for the year	-10,494	-6,477	3,043	2,989	-5,464
Result of continuing operations	-10,494	-6,477	3,043	2,989	-26,112
Result of discontinued operations	-	-	-	-	20,648
Total comprehensive income	-10,494	-6,481	2,593	2,615	-5,464
BALANCE SHEET					
Non-current assets	105,936	113,363	118,900	152,280	158,266
Total assets	133,242	138,497	161,731	207,931	241,796
Equity	58,511	61,434	67,915	68,658	57,793
Invested capital	113,078	118,743	122,574	153,366	161,286
Net working capital	7,142	5,380	3,673	1,086	3,020
Investments in tangible assets	756	295	27,754	27,358	110,949
Net interest-bearing debt	54,567	57,309	65,487	106,124	134,700
Cash and securities	10,412	11,689	16,976	19,690	18,513
CASH FLOW					
Cash flow from operating activities	-3,508	134	8,721	11,578	-7,111
Cash flow from investing activities	-721	7,238	-27,803	15,920	-110,859
Cash flow from financing activites	3,222	-12,838	16,367	-26,321	121,281
Cash flow of the year	-1,007	-5,466	-2,715	1,177	3,311
EMPLOYEES					
Seafarers	176	186	188	299	255
Land based employees	72	104	143	158	165
FINANCIAL AND ACCOUNTING RATIOS					
TCE-margin (%)	52.4%	60.2%	65.9%	53.8%	42.7%
EBITDA-margin (%)	0.9%	5.0%	12.7%	9.1%	0.6%
EBIT-margin (%)	-4.9%	-2.6%	7.3%	-1.0%	-10.8%
Return on Invested Capital (%)	-5.8%	-2.5%	5.9%	-1.3%	-11.3%
Return on Equity (%)	-17.5%	-10.0%	4.5%	4.7%	-20.8%
Equity ratio	43.9%	44.4%	42.0%	33.0%	23.9%
OTHER					
Total number of vessel days for the Group	5,123	4,915	4,444	6,430	7,860
USD/EUR rate at year-end	0.87	0.83	0.95	0.92	0.82
Average USD/EUR rate	0.85	0.89	0.90	0.90	0.75
USD/DKK rate at year-end	6.52	6.21	7.05	6.83	6.12
Average USD/DKK rate	6.32	6.60	6.73	6.73	5.62

Management review

MOL Nordic Tankers business review

MOL Nordic Tankers is a chemical tankers operator and ship-owner headquartered in Copenhagen, Denmark and with offices in USA and Colombia. MOL Nordic Tankers was acquired by MOL Chemical Tankers Pte. Ltd. as of 31 January 2019, the date upon which the company name was changed from Nordic Tankers to MOL Nordic Tankers.

The core competence of MOL Nordic Tankers is to own, manage and operate chemical tankers, with the highest focus on safety and quality.

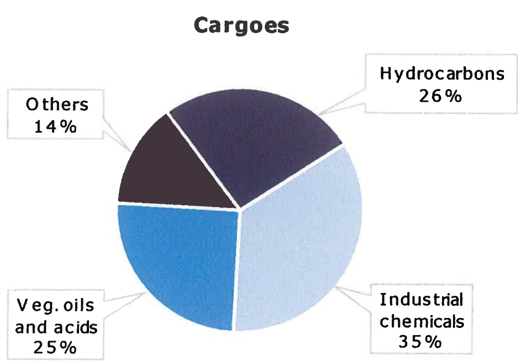
A leading chemical operator specialized in the stainless steel segment between 14,000 and 25,000 dwt

MOL Nordic Tankers is a fully integrated shipping company that operates a fleet of sophisticated chemical tankers. As per 31 December 2018, MOL Nordic Tankers operated a fleet of 17 vessels, composed of 5 owned vessels, 9 chartered vessels and 3 third party owned vessels under commercial management. These vessels are in the segment between 14,000 and 20,000 dwt and are all equipped with stainless steel tanks. Most of the vessels have multiple tank segregations, which make them well suited for parcel trading. Furthermore, two of the vessels are ice-class, thereby enabling MOL Nordic Tankers to service trade lanes in the Great Lakes and Baltic Sea all-year round. This highly sophisticated fleet makes it possible to combine cargoes from multiple customers on each vessel voyage. Being able to exploit this flexibility in a way that delivers high customer service is a corner stone in MOL Nordic Tankers' business model. MOL Nordic Tankers has developed long lasting relationships with its largest customers over several decades. Most of the customers of MOL Nordic Tankers are industrial groups and the composition of the fleet aims at providing the best service for meeting their logistics needs.

In recent years, MOL Nordic Tankers has become a trusted brand among Japanese vessels owners. In 2018, MOL Nordic Tankers took delivery of two newbuildings under long term charters from a Japanese shipyard (Nordic Ace and Nordic Aqua, both 16,000 dwt stainless steel). Three additional stainless steel vessels will follow in 2019 (one 16,000 dwt vessel and two 25,000 vessels), enabling MOL Nordic Tankers to maintain a young fleet (average age of 6.5 years).

Nine of the vessels in the Nordic Tanker fleet (including the three third-party owned vessels under commercial management) are operated in a pool arrangement, from which MOL Nordic Tankers as pool manager derives fees and commission income. The pool arrangement enables MOL Nordic Tankers to take advantage of economies of scale by integrating third party vessels in the service offering to the customers and at the same time sharing the business risks with the pool partners. Being able to attract third-party owners in the pool demonstrates the ability of MOL Nordic Tankers to create value for these owners year after year.

The cargoes transported by MOL Nordic Tankers' fleet consist of a wide range of products for industrial use, and efficient and safe handling of the cargoes is a major focus for MOL Nordic Tankers. During 2018, MOL Nordic Tankers' fleet (incl. third party vessels in pool) performed 230 voyages and carried 3.0 million metric tons of cargoes, composed of 26% hydrocarbons, 35% industrial chemicals, 25% vegetable oil and 14% in other categories. 83% of this volume was carried by owned tonnage while third party tonnage carried 17%.



MOL Nordic Tankers builds its business on long term customer relationships and intimate knowledge of the trade lanes where the Group is present, mainly in Americas, Europe and in the Trans-Atlantic trade

Technical management services through Dania Ship Management

Mid 2017, MOL Nordic Tankers separated its technical management activities into a new entity called Dania Ship Management also based in Hellerup and, on that occasion, V.Ships became a shareholder in the new entity. With this cooperation, MOL Nordic Tankers made it possible for its five owned vessels to be serviced by former internal technical management staff (with great knowledge of the owned vessels) under the V.Ships franchise, which is one of the largest in the world in the field of technical management. It provides state-of-the-art systems, scale and purchasing power, the ability to absorb large fleets as well as provides global support and resources. In connection with the establishment of Dania Ship Management and in the light of the growing supply of long term chartered vessels from Japanese owners, MOL Nordic Tankers established a Fleet Management department, thereby closely monitoring the quality of the services of the technical managers of all the owned and chartered vessels in its fleet.

Strategic focus

The vision of MOL Nordic Tankers is to create exceptional value to stakeholders of MOL Nordic Tankers; customers, tonnage providers, employees, shareholders, providers of capital and society at large.

Safety is MOL Nordic Tankers' first and foremost priority and it is an integral part of MOL Nordic Tankers' vision, mission, strategy and values. This was fully adopted by Dania Ship Management from its inception. MOL Nordic Tankers' overall strategic focus is three-fold:

- Develop best in class safety culture with target of zero accidents
- Optimize the existing business platform
- Continue the consolidation within the chemical tanker segment and generate profitable growth

As a part of the optimization of the business platform, MOL Nordic Tankers embarked on a customer centricity project in 2018, aiming at better anticipating the needs of its customers, through a series of initiatives, including digitization.

Management

Board of Directors

The Board of Directors at MOL Nordic Tankers A/S consists of four members with extensive experience within shipping and management. The board has a reasonable size, composition, diversity plus the competences necessary to ensure that the Board of Directors at any given time is qualified to attend to the managerial tasks as the upper management body of the Group.

Executive Management

The Executive Management team at MOL Nordic Tankers consists of three members, each with extensive management experience.

From the left:

Per Sylvester Jensen *Chief Executive Officer*
More than 30 years of experience from the shipping industry, mainly Eitzen Chemical, Clarkson Shipping Services and Odfjell.

Henriette Schütze *Chief Financial Officer*
More than 15 years of experience from shipping industry, predominantly DFDS (VP). Experience from equity owned companies such as Georg Jensen (CFO).

Annette Hasenberg *Senior Vice President, People, Communication & Culture*
More than 20 years of experience with HR and communication – mainly from the consultancy industry with focus on the development of a large range of international companies and their people.

Key developments in 2018

In 2018, MOL Nordic Tankers continued the turnaround started the previous years and which is shaping MOL Nordic Tankers into an increasingly efficient and agile company, with focus on providing its customers with state-of-the-art service through a high performance organization and supported by a high quality multi-segregator fleet of stainless steel vessels. During the year, this led to a number of activities in order to streamline the Group further.

In the course of 2018, MOL Nordic Tankers disengaged from its last non-core activities, composed of commercial and/or administrative services to external shipping activities. These encompassed service level agreement to Christiania Shipping (former Herning Shipping sold by Triton to ANE Shipping in January 2018), Crystal Nordic (sold to Essberger in December 2017) and Dania Ship Management which is fully supported by the V.Group organization as from beginning of 2019. Hence, as from beginning 2019, MOL Nordic Tankers will no longer have income from activities under service level agreements with the exception of office rental to Dania Ship Management.

As part of the long-term strategy of MOL Nordic Tankers, the commercial NTC partnership was terminated and all ten coated vessels in the partnership were redelivered in the fourth quarter of 2018.

From a market perspective, 2018 has turned out to be more challenging than expected at the beginning of the year. TCE performance had a slow start of year 2018 but third quarter turned out to be the weakest quarter in years. Whilst the smaller vessels of the fleet (14,000-16,000 dwt) showed resilience in their core trading area (Inter-Americas), the larger vessels (20,000 dwt) were exposed to unusual hard competition from product tankers in the Trans-Atlantic trading area. As a result of the market development, the average daily TCE rate for MOL Nordic Tankers' own fleet (including chartered vessels) was approx. 6% lower in 2018 compared to 2017.

During 2018, the size of the core fleet of MOL Nordic Tankers decreased from 26 vessels to 17 vessels. At year-end 2018, this fleet was composed of five owned vessels, nine time-chartered/bareboat chartered vessels and three vessels commercially managed. The reduction in fleet size is mainly the result of the termination of the commercial management of 10 coated vessels, thereby turning MOL Nordic Tankers into an operator focusing primarily on stainless steel tonnage.

In 2018, the vessels having a direct impact on the income statement (owned vessels and chartered vessels) had 5,123 on-hire days. This is in line with expectations at the beginning of the year.

MOL Nordic Tankers continued to harvest the fruits of a focus on unleashing efficiencies in its operations. This was particularly visible on administrative expenses, which were reduced by 7% compared to 2017.

Subsequent events

On 8 January 2019 it was announced that MOL Chemical Tankers Pte. Ltd. acquired 100 percent of the shares in Nordic Tankers A/S. The transaction was closed on 31 January 2019. In connection with the transaction, the name was changed from Nordic Tankers A/S to MOL Nordic Tankers A/S.

On 25 January 2019, a shareholder loan amounting to USD 5.6 million was converted to equity and a cash injection of USD 2.2 million as equity was made.

Financial highlights of the Group in 2018

Comparative figures for 2017 are displayed in parentheses.

The Group reported a net result of USD -10 million for 2018 (USD -6 million) and a pre-tax profit of USD -10 million (USD -6 million).

The net result is below expectations and the deviation is due to the pressure on revenues entailed by a challenging market and the increase in voyage related expenses resulting from increased fuel cost.

A slight increase in TCE income was driven by additional on-hire days, but was further challenged by increased time charter expenses. In 2018, no offsetting effect was recognized from associated companies and joint ventures.

Revenue is a combination of freight revenue and income from vessels managed in pools. The revenue amounted to USD 137 million (USD 117 million), which is explained by an increase in on-hire days by approx. 250.

As per 31 December 2018, the Group's equity amounted to USD 59 million (USD 61 million). The equity is affected negatively by the net result for the year, but this is partly offset by conversion of shareholder loans amounting to USD 7.6 million to equity.

Time charter equivalent earnings (TCE)

TCE amounted to USD 72 million (USD 70 million), since the increase in on-hire days in 2018 was insufficient to counter the increase in voyage related costs.

Other operating income

Other operating income includes management fees from third party vessels under management. Approximately 12 third party vessels were in pool or commercial management during the year, earning commercial management commissions and fees for the Group.

No technical management fees were earned to the Group in 2018, as all technical management services have been undertaken by Dania Ship Management which was established in 2nd quarter of 2017.

Operating expenses and charter hire

Total operating expenses amounted to USD 21 million (USD 22 million). Hereof, seafarer related expenses amounted to USD 9 million (USD 9 million), while the remaining part related to maintenance and other operating expenses incurred in the operation of the owned fleet. Time charter expenses amounted to USD 42 million (USD 36 million) as the fleet of time chartered vessels increased during 2018, increasing time charter expenses for the year.

Depreciation, write-downs and gains/losses

Depreciation on the Group's owned vessels amounted to USD 8 million (USD 8 million).

Realized gains/losses for 2018 amounted to USD -0.2 million (USD -0.4 million).

Financial income and expenses

Net financial earnings amounted to USD -4 million (USD -3 million), mainly consisting of interest expenses on one senior secured loan.

Tax

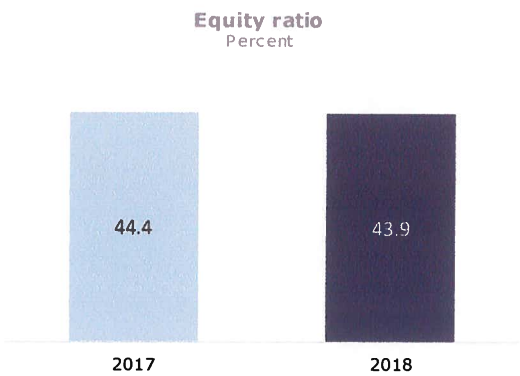
The Group's tax payment is primarily calculated according to the rules and regulations of the Danish Tonnage Tax Act. For further information, please refer to note 11 in the financial statements.

Assets, equity and liabilities

As per 31 December 2018, the Group's total assets amounted to USD 133 million (USD 139 million). Non-current assets (predominantly vessels) was USD 106 million (USD 113 million), while cash decreased to USD 10 million (USD 12 million), primarily driven by a negative cash flow from operations.

The Group's equity amounted to USD 59 million (USD 61 million). Total liabilities amounted to USD 75 million (USD 77 million). The decrease was to a large part due to a decrease in interest bearing debt.

At year-end 2018, equity ratio reached 43.9%, which was in line with 2017.



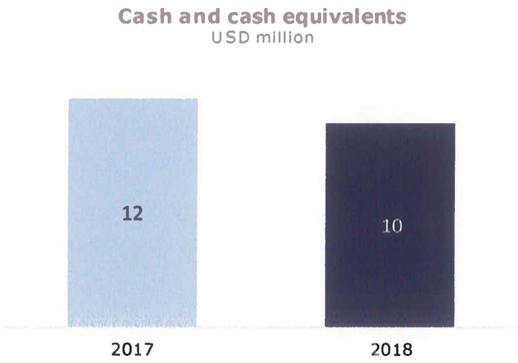
Cash flow

Cash flow for the year was USD -1 million (USD -5 million), bringing down the cash balance at year-end to USD 10 million (USD 12 million).

Cash flow from operations was USD -3.5 million (USD 0.1 million). The deterioration of USD 3.6 million primarily related to lower EBITDA.

Cash flow from investing activities amounted to USD -0.8 million (USD 7.2 million). The cash outflow is related to the docking of Nordic Lynx taking place in 2018.

Cash flow from financing activities amounted to USD 3.2 million (USD -12.8 million), mainly due to a loan of USD 10.8 million granted by the owner. This is partly countered by ordinary installments of USD 7.6 million related to MOL Nordic Tankers' bank financing.



Outlook for 2019

MOL Nordic Tankers expects that market conditions will improve slightly in the first half of 2019 compared to 4th quarter 2018 and more noticeably in the second half of 2019, mainly fueled by increasing demand in the Americas.

In 2019, MOL Nordic Tankers will take delivery of three new buildings on long time charter from Japanese owners (one 16,000 dwt and two 25,000 dwt vessels). With high fuel efficiency and enhanced cargo capacity, these vessels will increase the earnings potential of the fleet. Furthermore, a few vessels time chartered a few years ago when market was higher will see their contracts expire in 2019.

In 2019, MOL Nordic Tankers will continue to strive to increase efficiencies in its operations and to grow the number of owned and/or chartered vessels in selected strategic vessel types.

Risk Management

Being a global player in the chemical tanker segment, MOL Nordic Tankers is exposed to a variety of risks.

The Group pursues a finance policy that operates with a low risk profile, ensuring the foreign exchange, interest and credit risks arise only on the basis of commercial factors.

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

Financial risks

Financing and Liquidity

Access to liquidity is an important factor in the execution of the strategy of the Group. The Group strives to have a strong balance sheet, thereby enhancing its credit profile towards its providers of financial debt (banks) and providers of tonnage (ship owners). At the end of 2018, the Group's equity ratio was 43.9% (44.3%).

Cash flow developments are monitored closely, including monthly updates and 12 months rolling forecasts to the Executive Management Team. Furthermore, the Group aims at having sufficient cash reserves in order to overcome a prolonged adverse market situation.

Current loan agreements includes customary financial covenants, which was met in the course of 2018 and are expected to be met in 2019.

In 2019, MOL Nordic Tankers expects to have sufficient liquidity for meeting its payment obligations for conducting the normal course of its operations without needing the support from its shareholder.

Interest rates

MOL Nordic Tankers' gross interest bearing debt amounted to USD 65 million as per 31 December 2018 (USD 70 million). The debt was denominated in USD and carried floating interest rate.

Foreign exchange risks

Most of the revenues earned by MOL Nordic Tankers are in the reporting currency USD while a portion of the operating expenses as well as administrative expenses are incurred in other currencies, primarily in EUR and DKK.

In 2018, a 1% weakening of the USD versus EUR and DKK had an effect of USD -0.2 million (-0.1 million) on profit and equity.

Credit risk

It is Group policy to cooperate with recognized pool partners and only grant credit to major oil and chemical companies and other first class customers in order to minimize credit risks. As such, the Group's credit risk relates to receivables from these first class customers and from pool arrangements contracted with recognized business partners. The credit risk is deemed to be minimal and consequently receivables are not hedged. The Group's maximum credit risk associated with receivables corresponds to their carrying amounts.

For smaller customers and newer customers, it is Group policy to perform a credit assessment based on credit reports retrieved out of the database of one of the world's largest vendors. In most cases, such credit reports include a credit rating and information on potential payment delinquency. Furthermore, it is custom to require freight to be paid before cargo release. For customers with whom MOL Nordic Tankers has a long lasting relationship, freight is typically paid after cargo release.

In 2018, MOL Nordic Tankers did not suffer any significant losses from defaulting customers.

Price risks

Freight rates

MOL Nordic Tankers' revenues are exclusively generated from activities in the oil and chemical tankers industry. The oil and chemical tanker industry is cyclical and volatile, which can lead to reductions in freight rates, volumes and ship values.

Fluctuations in freight rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the large variety of products that we carry.

MOL Nordic Tankers mitigates the risk of fluctuation in freight rates by managing the mix between contracts of affreightment and spot market business. Contracts tend to reduce volatility in freight rates. Spot market business, on the other hand, provide flexibility but exacerbate the impact of a downturn in the market. In general, MOL Nordic Tankers has historically maintained a relatively high percentage of contract business.

Bunkers

Bunker fuel constitute the major cost component affecting time charter equivalent earnings (TCE), and increasing prices can have a material impact on MOL Nordic Tankers' results.

The Group is striving to reduce the impact of bunker price fluctuations by passing bunker fuel costs on to customers. Hence, in 2018 approximately half of freight earnings were derived from Contracts of Affreightment, the large majority of which include a bunker price clause that indexes freight rates with bunker prices.

The effect on profit for the year from a 1% price change will be approx. USD -0,3 million (USD -0.2 million).

Other risks

The Group aims at minimizing its exposure to accidents on the vessels, pollution, damages to hull and machinery etc. by investing in modern vessels, managing the maintenance of the vessels as well as continuing education in its staff.

Furthermore, risks in connection with the operation of the vessels, transport of cargo, personal injuries, environmental damages and war are being covered by insurances in internationally recognized insurance companies. The Group aims at minimizing its exposure by using multiple insurance companies.

The Group has established duplication of business critical IT systems and contingency plans in case of break-downs. Back-up of data is made in an external IT environment outside the Group's offices.

To cope with the rising threat of cyber crime, the Group has initiated an online cyber security training program targeted all employees. The training program includes 12 modules concerning various cyber risks such as ransomware, fraud and phishing e-mails.

Corporate social responsibility and gender representation

With regards to MOL Nordic Tankers' statutory statement on corporate social responsibility in accordance with section 99a and the statement on the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act, please refer to http://www.nordictankers.com/media/1855/csr-report-nordic-tankers-2018.pdf.

Consolidated financial statements

Page

Consolidated income statement

1 January - 31 December

USD '000	Note	2018	2017
Revenue	3	136,696	116,751
Voyage related expenses		-65,105	-46,479
Time charter equivalent earnings (TCE)		**71,591**	**70,272**
Other operating income		4,691	6,473
Charter hire	4	-41,944	-36,047
Operating expenses	5	-20,600	-21,513
Administrative expenses	4, 5, 6	-12,465	-13,350
Operating profit before depreciation etc. (EBITDA)		**1,273**	**5,835**
Depreciation	7	-7,875	-8,396
Gains/losses from sale of fixed assets etc.	7	-155	-418
Share of results of associated companies and joint ventures	8	-	-48
Operating profit (EBIT)		**-6,757**	**-3,027**
Financial income	9	653	922
Financial expenses	10	-4,292	-4,235
Result before tax		**-10,396**	**-6,340**
Tax	11	-98	-137
Net result		**-10,494**	**-6,477**
OTHER COMPREHENSIVE INCOME			
Items which will be reclassified to the income statement:			
Exchange rate adjustments arising from translation of entities using another functional currency than USD		-	-4
Reserve for net revaluation using the equity method		-	-
Other comprehensive income		**-**	**-4**
Total comprehensive income		**-10,494**	**-6,481**
Attributable to:			
Shareholders of MOL Nordic Tankers A/S		-10,494	-6,481
Minorities		-	-
		-10,494	**-6,481**

Consolidated balance sheet

at 31 December

USD '000	Note	2018	2017
ASSETS			
Software	12	-	26
Intangible assets		**-**	**26**
Vessels	13	105,909	113,098
Property, plant and equipment	13	22	81
Prepayments on vessels and dockings under construction	13	-	-
Tangible assets		**105,931**	**113,179**
Investments in joint ventures	14	1	36
Other financial fixed assets		4	122
Financial assets		**5**	**158**
Non-current assets		**105,936**	**113,363**
Inventories		1,549	1,373
Trade receivables	15	7,427	5,172
Other receivables	16	4,759	4,260
Prepayments	17	3,159	2,640
Cash and cash equivalents	18	10,412	11,689
		27,306	**25,134**
Assets held for sale	19	-	-
Current assets		**27,306**	**25,134**
Assets		**133,242**	**138,497**

Consolidated balance sheet

at 31 December

USD '000	Note	2018	2017
EQUITY AND LIABILITIES			
Share capital	20	1,222	1,089
Retained earnings		57,289	60,345
Equity		**58,511**	**61,434**
Loans	21	52,028	61,647
Non-current liabilities		**52,028**	**61,647**
Loans	21	12,951	7,351
Trade payables	22	5,744	5,747
Current tax liabilities		5	-
Other payables	23	4,003	2,318
Current liabilities		**22,703**	**15,416**
Liabilities		**74,731**	**77,063**
Equity and liabilities		**133,242**	**138,497**

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Consolidated statement of changes in equity

1 January - 31 December

USD '000	Share capital	Reserves	Retained earnings	Total
2018				
Equity at 1 January 2018	**1,089**	**-**	**60,345**	**61,434**
Comprehensive income for the year				
Net result	-	-	-10,494	-10,494
Total comprehensive income for the year	**-**	**-**	**-10,494**	**-10,494**
Issue of share capital during the year	133	-	7,438	7,571
Total change in equity	**133**	**-**	**-3,056**	**-2,923**
Equity at 31 December 2018	**1,222**	**-**	**57,289**	**58,511**
2017				
Equity at 1 January 2017	**1,089**	**-234**	**67,718**	**68,573**
Effect of change in accounting policies (IFRS 15)			-658	-658
Adjusted equity at 1 January 2017	**1,089**	**-234**	**67,060**	**67,915**
Comprehensive income for the year				
Net result	-	-	-6,477	-6,477
Other comprehensive income for the year	-	-4	-	-4
Adjustments to previous years	-	238	-238	-
Total comprehensive income for the year	**-**	**234**	**-6,715**	**-6,481**
Total change in equity	**-**	**234**	**-6,715**	**-6,481**
Equity at 31 December 2017	**1,089**	**-**	**60,345**	**61,434**

Consolidated statement of cash flow

1 January - 31 December

USD '000	Note	2018	2017
Operating profit (EBIT)		-6,757	-3,027
Reversal of depreciations		7,875	8,396
Reversal of gains/losses from sale of fixed assets		155	418
Reversal of share of results of associated companies and joint ventures		-	48
Reversal of other non-cash items		333	-331
Change in working capital excl. accrued interest and tax liabilities	24	-1,783	-2,030
Interest etc. received		18	63
Interest etc. paid		-3,345	-3,172
Tax paid		-4	-231
Cash flow from operating activities		**-3,508**	**134**
Investments in tangible assets	13	94	-17
Additions in prepayments on vessels, dockings etc.		-850	-278
Proceeds from the sale of tangible assets		-	7,083
Repurchase of shares		35	450
Cash flow from investing activities		**-721**	**7,238**
Proceeds from borrowing		10,800	2,082
Installments/repayments of loans	21	-7,578	-14,920
Cash flow from financing activities		**3,222**	**-12,838**
Net cash flow		**-1,007**	**-5,466**
Cash and cash equivalents at beginning of the year		11,689	16,976
Exchange rate adjustments		-270	179
Net cash flow		-1,007	-5,466
Cash and cash equivalents at end of the year		**10,412**	**11,689**

Notes to the consolidated financial statements

Note 1. Significant accounting policies and changes to accounting policies

The annual report for the period 1 January - 31 December 2018 with comparative figures comprises the consolidated financial statements of MOL Nordic Tankers A/S and its subsidiaries (the "Group" or "MOL Nordic Tankers").

The consolidated financial statements of MOL Nordic Tankers A/S for 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements of the Danish Financial Statements Act applying to large enterprises in reporting class C.

The accounting policies remain unchanged from the previous year, except from the implementation of IFRS 9 and IFRS 15.

The consolidated financial statements are presented in United States Dollars (USD), which is the presentation currency of the Group activities and the functional currency of the parent company.

The consolidated financial statements are presented on the basis of historical cost prices. However, assets classified as "assets held for sale" are measured at the lower of the carrying amount and the fair value less costs to sell.

The implementation of new or amended IFRS standards

MOL Nordic Tankers has adopted all new or amended standards, revised accounting standards and interpretations (IFRIC) as endorsed by the EU which are effective for the financial year 1 January 2018 - 31 December 2018.

The most important changes to accounting policies due to new and amended standards are described below. Applied accounting policies are also described in note 32.

IFRS 15, revenue recognition

IFRS 15 emphasizes that revenue must be recognized as the customer receives the service agreed upon (control principle). According to current practice, recognition of freight income is commenced earlier according to the discharge-to-discharge method. It is the Group's interpretation that the freight income according to IFRS 15 must be recognized over the period of time when the cargo is being transported. At the same time, costs will be recognized according to the matching principle, and will be capitalized and amortized over the course of the transportation period.

The transition to IFRS 15 has below impact on the Group's income statement and balance sheet:

USD '000	2018			2017		
	As reported	IFRS 15 effect	Reported excl. IFRS 15	As reported	IFRS 15 effect	Reported excl. IFRS 15
Revenue	136,696	254	136,442	116,751	-463	117,214
Voyage related expenses	-65,105	-78	-65,027	-46,479	305	-46,784
Time charter equivalent earnings	71,591	176	71,415	70,272	-159	70,431
Net result	-10,494	176	-10,670	-6,477	-159	-6,318
Equity, end of year	58,511	-640	59,151	61,434	-816	62,250
Receivables from freight and managem. services, end of year	7,063	-806	7,869	2,395	-986	3,381
Contract assets, end of year	323	-466	789	266	-543	809
Contract liabilities, end of year	1,792	-206	1,998	1,627	-203	1,830

The Group implemented the standard on the 1 January 2018, and comparative figures have been adjusted.

In connection with the implementation, contract assets have been separated from trade receivables in note 15 and contract liabilities have been separated from trade payables in note 22. The amounts for 2016-2018 are (end of year, including IFRS 15):

USD '000	**2018**	**2017**	**2016**
Contract assets	323	266	535
Contract liabilities	1,792	1,627	2,542

IFRS 9, financial instruments

IFRS 9 replaces IAS 39 and specifies the accounting treatment of financial assets and liabilities in relation to classification and measurement, impairment and hedge accounting.

Changes to accounting treatment of classification and measurements of financial assets and liabilities are not affecting the Group, as the Group's financial assets and liabilities historically are held-to-maturity, and therefore treated as amortized costs.

Changes to accounting treatment of impairment affect the method of calculating the provisions on all receivables. The impact of these changes on the income statement as well as the balance sheet is immaterial.

Changes to accounting treatment of hedge accounting eases the requirements of documented efficiency on hedge accounting. Changes to hedge accounting do not impact the Group as the Group does not currently apply hedge accounting. The Group's policies on risk management are described in the management review.

IFRS 9 was implemented on the 1 January 2018 without adjustments of comparative figures in accordance with the transitional provisions of the Standard.

Accounting standards and interpretations not yet adopted

The IASB has issued below financial reporting standards and interpretations, which have been adopted by the EU, and which are expected to have an effect on MOL Nordic Tankers:

- IFRS 16 on leases – new standard on recognition of lease contracts that replaces the current standard IAS 17, effective on the 1 January 2019.

Other standards issued by IASB and adopted by EU, which are either irrelevant to MOL Nordic Tankers or are expected to be insignificant, comprise:

- IFRS 17 on insurance contracts
- Amendments to IFRS 9 on financial instruments
- Amendments to IAS 28 on investments in associates and joint ventures
- Amendments to IAS 19 on employee benefits
- Annual Improvements to IFRS's 2015-2017 cycle
- IFRIC 23 on uncertainty over income tax treatments

IFRS 16, leases

IFRS 16 implies that virtually all leases are to be recognized in the balance sheet in the lessee's accounts as a lease obligation and a lease asset representing the lessee's right to use the underlying asset.

The Group has implemented IFRS 16 on 1 January 2019 by applying the smoother transitional provision. This provision does not require that comparative figures are adjusted and allows the effect of the implementation to be recognized in retained earnings the 1 January 2019. In addition, the Group will use the other available exemptions as far as possible, regarding leased assets with low value and leases with a residual maturity of less than 12 months.

The impact of IFRS 16 for the consolidated financial statements has been analyzed and it is found that the implementation will have a material impact on both the balance sheet, income statement and related key figures. The effect on the balance sheet is USD 35 million as of 1 January 2019 based on the current portfolio of time charter vessels and bareboat charter vessels, as well as other lease agreements. Furthermore, the estimated effect as of the 31

December 2018 on the Group's income statement for 2019 is USD -1.6 million.

As of 31 December 2018, the Group has entered into leases which, according to IAS 17, are categorized as operating leases with total future minimum lease payments under non-cancellable leases of USD 252 million (see note 25), which are not recognized in the balance sheet. Approximately USD 19 million is related to vessels expiring in 2019, and thus will not be impacted by the implementation of IFRS 16. USD 152 million relates to vessels delivered after 1 January 2019 and therefore not recognized in the balance sheet as of 1 January 2019.

The measurement and recognition of vessels that is leased out on time charter or bareboat contracts will not undergo any changes under IFRS 16.

Note 2. Significant accounting estimates, assumptions and uncertainties

In applying the Group's accounting policies described in Note 1 and Note 32, management is required to make estimates, as well as assumptions for the carrying amount of assets and liabilities that cannot be directly derived from other sources. These estimates and assumptions are based on historical experience and other relevant factors. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the accounting period in which the change takes place and in future accounting periods if the change affects both the period during which the change takes place and subsequent accounting periods.

Significant accounting estimates associated with accounting policies

In connection with the application of the accounting policies described in note 32, the management has made the following accounting assessments, with a significant effect on the amounts recognized:

- Voyage revenues and costs
- Measurement of tangible assets and contracts
- Taxation

Voyage revenues and costs

Voyage revenues and costs are recognized in accordance with the percentage of completion method with operating revenues and expenses recognized for each voyage. This recognition is based on estimated voyage revenues and costs that are reviewed and updated at each period end.

Measurements of tangible assets and contracts

The Group evaluates the carrying amount of vessels and other net assets to determine whether events have occurred that would indicate the potential for an adjustment to the recognized value of the net assets. The evaluation also includes time charter and bareboat contracts in order to establish whether a provision for onerous contracts is needed. The impairment tests are based on a discounted future cash flow model, which is compared to the carrying amount of the assets within the cash generating units. The impairment tests are prepared based on assumptions including future freight rates, earnings from vessels and management activities as well as discount rates. All of these factors have been historically volatile.

In addition to the discounted cash flow model, external valuations of the vessels are retrieved from one or more ship brokers.

Taxation

The Group operates mainly in Denmark where the Danish subsidiary has entered the Danish tonnage tax regime for a binding 10-year period from 2017, ending on 31 December 2026.

The tax rules are complicated when a company's activities is partly covered by the tonnage tax regime and partly by regular taxation. In calculating the taxable income, estimates are made which in later assessment by the Danish tax authorities may result in correction to previous estimates of recognized tax assets and liabilities in the statement of financial position.

Note 3. Revenue

USD '000	2018	2017
Freight revenue	47,722	42,158
Pool revenue	82,707	69,600
Other voyage related revenue	6,267	4,993
Revenue	**136,696**	**116,751**

Note 4. Leasing expenses

USD '000	2018	2017
Hire regarding vessels on time charter and bareboat charter	41,417	36,004
Leasing expenses regarding office facilities etc.	1,318	1,168
Leasing expenses	**42,735**	**37,172**

Note 5. Staff costs

USD '000	2018	2017
Land based employees (included in administrative expenses)		
Wages and salaries	10,418	12,121
Pensions, defined contribution plans	807	1,068
Other social security costs	56	49
Other staff costs	-22	246
	11,259	**13,484**
Seafarers (included in operating expenses)		
Wages and salaries	9,279	9,179
Pensions, defined contribution plans	2	69
Other social security costs	2	-
	9,282	**9,248**
Total staff costs	**20,541**	**22,732**

Average employees	2018	2017
Land based employees	72	104
Seafarers	176	186
	248	**290**

Amounts and numbers related to seafarers only include vessels that are either owned or chartered on bareboat charter agreements. Seafarers on vessels chartered on time charter agreements are not included.

USD '000	2018	2017
Board of Directors		
Remuneration to the Board of Directors	261	259
CEO and key management personnel		
Salaries	3,214	1,148
Pensions, defined contribution plans	88	120
Other social security costs	4	-
Severance payments	-	833
Total remuneration	**3,508**	**2,360**

Persons in the Board of Directors and key management	2018	2017
Board of Directors	6	6
CEO and key management personnel	3	3
	9	**9**

Note 6. Fees to the auditor appointed at the general meeting

USD '000	2018	2017
Audit	94	18
Tax consultancy	35	45
Other services	-	82
Total	**129**	**145**

Note 7. Depreciations, Impairments and gains/losses

USD '000	2018	2017
Depreciation of intangible assets, ref. note 11	-26	-96
Depreciation of tangible assets, ref. note 12	-7,849	-8,300
Depreciations	**-7,875**	**-8,396**
Gains/losses re. sale of tangible assets, ref. note 12	-155	-418
Gains/losses re. sale of financial assets, ref. note 13	-	-
Gains/losses	**-155**	**-418**

Note 8. Share of result in associated companies and joint ventures

USD '000	2018	2017
Results in associated companies, ref. note 13	-	-44
Results in joint-ventures, ref. note 13	-	-4
Results of associated companies and joint ventures	**-**	**-48**

Note 9. Financial income

USD '000	2018	2017
Interest income	133	156
Exchange rate gains	510	756
Other financial income	10	10
Financial income	**653**	**922**

Note 10. Financial expenses

USD '000	2018	2017
Interest expenses on mortgage debt	3,579	3,202
Other interest expenses	112	84
Exchange rate losses	575	904
Other financial expenses	26	45
Financial expenses	**4,292**	**4,235**

Note 11. Tax

USD '000	2018	2017
Tax on the results for the year	111	163
Adjustments of tax regarding previous years	-13	-26
Tax for the year recognized in the income statement	**98**	**137**

The majority of the Group's income tax base is located in Denmark, and therefore subject to the Danish tonnage tax scheme. The Group renewed its participation in the tonnage tax scheme on 1 January 2017, with a binding period of 10 years, and it is the Group's expectation to continue to participate in the tonnage tax scheme after the binding period expires, with an equivalent or higher activity level compared to the time where the Group entered the tonnage tax scheme.

The Group did not own any vessels upon entering the tonnage tax scheme; consequently, the Group has no deferred, or contingent, taxes from the transitional period.

Under the tonnage tax scheme, income and expenses from shipping activities are not subject to direct taxation and accordingly an effective rate reconciliation has not been provided as it would not provide any meaningful information. Instead, the taxable income is calculated from:

- The net tonnage of the vessels used to generate the income from shipping activities
- A rate applicable to the specific net tonnage of the vessel based on a sliding scale

No deferred tax assets or liabilities are recognized at 31 December 2018. The tax asset of non-recognized tax losses and tax credits carried forward, with certain limitations in subsidiaries and time, amounts to USD 0.2 (2017: USD 0.2 million) for the Group. There are no unrecognized tax liabilities associated with investments in foreign subsidiaries and jointly controlled companies.

Note 12. Intangible assets

USD '000	Software
2018	
Cost at 1 January 2018	2,811
Additions during the year	-
Disposals during the year	-2,200
Cost at 31 December 2018	**611**
Accumulated depreciation at 1 January 2018	-2,785
Depreciation for the year	-26
Disposals during the year	2,200
Depreciation at 31 December 2018	**-611**
Carrying amount at 31 December 2018	**-**
2017	
Cost at 1 January 2017	2,811
Cost at 31 December 2017	**2,811**
Accumulated depreciation at 1 January 2017	-2,689
Depreciation for the year	-96
Depreciation at 31 December 2017	**-2,785**
Carrying amount at 31 December 2017	**26**

Note 13. Tangible assets

USD '000	Vessels	Property and equipment	Prepay-ments on vessels and dockings	Total
2018				
Cost at 1 January 2018	133,863	221	-	134,084
Additions during the year	-94	-	850	756
Disposals during the year	-4,940	-146	-	-5,086
Transfers to/from other items	850	-	-850	-
Cost at 31 December 2018	**129,679**	**75**	**-**	**129,754**
Accumulated depreciation at 1 January 2018	-20,765	-140	-	-20,905
Depreciation for the year	-7,791	-58	-	-7,849
Disposals during the year	4,786	145	-	4,931
Depreciation at 31 December 2018	**-23,770**	**-53**	**-**	**-23,823**
Carrying amount at 31 December 2018	**105,909**	**22**	**-**	**105,931**
2017				
Cost at 1 January 2017	132,977	383	722	134,082
Additions during the year	-	17	278	295
Disposals during the year	-114	-179	-	-293
Transfers to/from other items	1,000	-	-1,000	-
Cost at 31 December 2017	**133,863**	**221**	**-**	**134,084**
Accumulated depreciation at 1 January 2017	-12,624	-274	-	-12,898
Depreciation for the year	-8,262	-38	-	-8,300
Disposals during the year	121	172	-	293
Depreciation at 31 December 2017	**-20,765**	**-140**	**-**	**-20,905**
Carrying amount at 31 December 2017	**113,098**	**81**	**-**	**113,179**

As of 31 December 2018, Management has made an impairment test of the recoverable amount of the Group's fleet. The fleet, including vessels chartered on time charter and bareboat charter agreements, is considered to be one cash-generating unit (CGU).

According to the Group's accounting policy, a write-down is made to the higher of the sales price (less costs to sell) and the value in use if there is a need to recognize an impairment.

The estimated sales price less costs to sell is based on indicative broker valuations.

The value in use is estimated based on the net present value of the future cash flows generated by the fleet. The cash flows for the period 2019-2023 are based on the Group's budget for 2019 and the 5 years plan for 2019-2023 approved by Management. After the 5 years period, TCE rates, operating and administrative costs are expected to increase by a constant inflation rate over the respective vessels' remaining economic life times. The key assumptions of the value in use calculation are disclosed below:

	2018	2017
Average annual growth in TCE rates in the 5 year period, percent p.a.	8.2	7.9
Average annual growth in TCE rates after the 5 year period, percent p.a.	1.5	1.5
Expected lifetime of vessels, years	25	25
Weighted average cost of capital (WACC) after tax, percent p.a.	8.5	8.2

Based on the impairment test, Management has concluded that there is not a need to write down the carrying amount of the fleet.

Please refer to note 32 for further information.

Note 14. Investments in associated companies and joint ventures

USD '000	Associated companies	Joint ventures	Total
2018			
Cost at 1 January 2018	44	36	80
Disposals for the year	-	-35	-35
Transfer to assets held for sale	-44	-	-44
Cost at 31 December 2018	**-**	**1**	**1**
Revaluation at 1 January 2018	-44	-	-44
Transfer to assets held for sale	44	-	44
Revaluation at 31 December 2018	**-**	**-**	**-**
Carrying amount at 31 December 2018	**-**	**1**	**1**
2017			
Cost at 1 January 2017	-	100	100
Disposals for the year	-	-64	-64
Other movements for the year	44	-	44
Cost at 31 December 2017	**44**	**36**	**80**
Revaluation at 1 January 2018	-	390	390
Share of result for the year	-44	-4	-48
Dividends for the year	-	-386	-386
Revaluation at 31 December 2017	**-44**	**-**	**-44**
Carrying amount at 31 December 2017	**-**	**36**	**36**

Company	Nature of investment	2018		2017	
		Share of result USD '000	Carrying amount USD '000	Share of result USD '000	Carrying amount USD '000
Nordic Womar Pte. Ltd., Singapore	50% owned joint venture	-	1	-4	36
		-	**1**	**-4**	**36**

Nordic Womar Pte. Ltd. is planned to be liquidated in 2019.

Note 15. Trade receivables

USD '000	2018	2017
Receivables from freight and management services	7,063	2,395
Contract assets	323	266
Accrued income	78	3,123
Provisions for bad debt	-37	-612
Trade receivables	**7,427**	**5,172**
Hereof:		
Not due	4,194	356
Overdue 1-90 days	1,947	1,465
Overdue more than 90 days	922	574
Receivables from freight and management services	**7,063**	**2,395**

The fair value of trade receivables approximates the carrying amount.

A provisioning account is used to reduce the carrying amount of receivables from sales and services whose value is impaired due to loss risk.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses are estimated using a provision matrix based on historical experiences. The Group has recognized a loss allowance of 50% against all receivables over 6 months overdue and 100% against all receivables over 12 months overdue.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Note 16. Other receivables

USD '000	2018	2017
Deposits	3,975	3,638
Insurance claims and other claims	8	-
Miscellaneous receivables	776	622
Other receivables	**4,759**	**4,260**

The fair value of other receivables approximates the carrying amount.

Note 17. Prepayments

USD '000	2018	2017
Prepayments regarding time charter and bareboat charter agreements	1,771	1,704
Insurance prepayments	140	71
Other prepayments to suppliers etc.	1,248	865
Prepayments	**3,159**	**2,640**

Note 18. Cash and cash equivalents

USD '000	2018	2017
USD	7,730	11,076
EUR	2,334	301
DKK	175	111
Other currencies	173	201
Cash and cash equivalents	**10,412**	**11,689**
Hereof:		
Unrestricted	10,412	11,689
Restricted	-	-
	10,412	**11,689**

Note 19. Tangible assets classified as held for sale

USD '000	2018	2017
Carrying amount at 1 January	-	7,500
Write-downs for the year	-	-
Disposals for the year	-	-7,500
Carrying amount at 31 December	**-**	**-**

As of 31 December 2018, Dania Ship Management is classified as asset held for sale. The carrying amount of the investment is USD 0.

Dania Ship Management A/S was formed 1 May 2017 by demerging of the technical management activities from MOL Nordic Tankers Management A/S. On 1 June 2017, 40% of Dania Ship Management A/S was sold to V.Group, with a shareholder agreement that ensured V.Group the voting majority and the right to select the majority of the board members. Consequently, Dania Ship Management A/S was considered an associated company. On 11 December 2017 Dania Ship Management Holding A/S was formed, and the shareholder agreement from Dania Ship Management A/S was transferred to Dania Ship Management Holding A/S, in combination with full ownership of Dania Ship Management. The newly formed Dania Group acquired 80% of Clipper Fleet Management A/S on 31 January 2018.

According to the shareholder agreement between MOL Nordic Tankers and V.Group, MOL Nordic Tankers will sell its share in Dania Ship Management Holding A/S to V.Group on 1 June 2019.

Note 20. Share capital

			2018			2017
	Number of shares	Nominal value DKK	Share capital DKK	Number of shares	Nominal value DKK	Share capital DKK
Class A shares	7,000,000	1.00	7,000,000	6,139,400	1.00	6,139,400
Share capital 31 December	**7,000,000**	**1.00**	**7,000,000**	**6,139,400**	**1.00**	**6,139,400**

On 14 December 2018, shareholder loans amounting to USD 7,571,202 were converted to equity. In connection with this, the share capital was increased by USD 133,405 (DKK 860,600) by issuing 860,600 new shares with a nominal value of DKK 1.00. The remaining amount of USD 7,437,797 has been recognized as share premium in retained earnings.

Note 21. Loans

USD '000	2018	2017
Current portion of non-current debt with maturities within 1 year	12,951	7,351
Non-current debt with maturities between 1 and 5 years	52,028	29,734
Non-current debt with maturities over 5 years	-	31,913
Total	**64,979**	**68,998**
Hereof:		
Loans denominated in USD with floating interest rate	65,485	69,702
Loans denominated in other currencies with fixed interest rate	-	11
Borrowing costs	-506	-715
Total	**64,979**	**68,998**

The fair value of the loans approximates the carrying amount.

The loan agreements include minimum requirements (financial covenants) for liquidity. The requirements were met throughout 2017 and 2018.

USD '000	31 December 2017	Financing cash flow[1]	Non-cash changes: Aquisition or disposals of subsidiaries	Non-cash changes: Fair value adjustments	Other changes[2]	31 December 2018
Bank loans	66,736	-7,577	-	-	221	59,379
Loans from related parties	2,262	5,600	-	-	-2,262	5,600
	68,998	**-1,977**	**-**	**-**	**-2,041**	**64,979**

[1] The cash flows from bank loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

[2] Other changes include conversion of debt to equity and amortization of loan costs.

On 25 January 2019, the shareholder loan amounting to USD 5.6 million was converted to equity.

Note 22. Trade payables

USD '000	2018	2017
Payables for goods and services	3,089	2,559
Contract liabilities	1,792	1,627
Accrued costs	863	1,561
Trade payables	**5,744**	**5,747**

Note 23. Other payables

USD '000	2018	2017
Employees' withheld income taxes, pensions, social contributions etc.	3,031	1,215
VAT, water and electricity charges etc.	-	218
Accrued interest	143	126
Miscellaneous payables	829	759
Other payables	**4,003**	**2,318**

Note 24. Changes in working capital

USD '000	2018	2017
Change in inventories	178	72
Change in trade receivables	2,255	-901
Change in other receivables	499	-111
Change in prepayments	519	-669
Change in trade payables	-	3,399
Change in other payables excl. accrued interest and tax liabilities	-1,668	240
Change in working capital excl. accrued interest and tax liabilities	**1,783**	**2,030**
Change in accrued interest	-17	167
Change in tax liabilities	-5	19
Change in working capital	**1,761**	**2,216**

Note 25. Operating lease liabilities and other contractual obligations

USD '000	2018	2017
Bareboat and time charter agreements		
The Group has entered into bareboat and time charter agreements falling due until 2029.		
Bareboat and time charter obligations with maturities within 1 year	42,173	54,500
Bareboat and time charter obligations with maturities between 1 and 5 years	135,130	101,395
Bareboat and time charter obligations with maturities over 5 years	72,687	33,357
Total	**249,990**	**189,252**
Rental commitments		
The Group has entered into irrevocable rental agreements regarding office facilities.		
Rental commitments with maturities within 1 year	965	744
Rental commitments with maturities between 1 and 5 years	1,262	1,178
Rental commitments with maturities over 5 years	-	-
Total	**2,227**	**1,922**
Other contractual obligations		
The Group has contractual obligations to IT service partners.		
Contractual obligations with maturities within 1 year	516	1,197
Contractual obligations with maturities between 1 and 5 years	1	257
Contractual obligations with maturities over 5 years	-	-
Total	**517**	**1,454**

Note 26. Unrecognized contingent assets and liabilities

The Group is not involved in any lawsuits involving claims against the Group. However, claims have been made against the Group regarding demurrage etc. It is Management's opinion that the outcome of these disputes will not have any material impact on the Group's financial position, result or cash flow.

The Group is not involved in any lawsuits, disputes etc. involving claims from the Group against third parties.

The Group has not issued any guarantees apart from guarantees issued by the parent company for the obligations of its subsidiaries.

In 2018, the taxable result in the jointly taxed Danish companies was USD -1.7 million. The corresponding tax credit (USD 0.4 million) has not been recognized in the income statement but is considered a contingent asset. The accumulated amount (including previous years) is USD 1.4 million. The majority of the Group's activities is subject to the Danish tonnage tax scheme, and consequently, Management finds that it is uncertain whether the Group will be able utilize the credit.

Note 27. Mortgages and security

USD '000	2018	2017
Loans secured by mortgages in vessels	59,880	67,440
Carrying amount of vessels being mortgaged	105,643	112,081
Value of mortgages and other securities	112,500	112,500

Loan amounts are nominal amounts. The amounts do not include capitalized loan establishment costs.

Note 28. Financial risks

Due to the nature of MOL Nordic Tankers' operations, the Group is mainly exposed to risks relating to fluctuations in freight rates, bunker prices, interest rates and currency rates.

Freight rates

Freight rates have historically been volatile. Voyages made in the spot market are fully exposed to changes in freight rates, while voyages made under a contract of affreightment have fixed freight rates as stipulated in the contracts, thus reducing the effect of fluctuations in the freight rates.

USD '000	2018	2017
Sensitivity re. freight rates: Effect of 1% increase in freight rates (spot)		
Change in profit before tax	817	708
Change in equity	817	708

Bunker prices

Bunker prices have historically been volatile. Voyages made in the spot market are fully exposed to changes in bunker prices. Contracts of affreightment often include bunker clauses stating that in the event of large changes in the bunker price compared to the price at the contracting time a part of the change (both price increases and price drops) is to be passed on the customer. The specific terms vary from contract to contract. Smaller changes in the bunker price will have full effect on the Group's result.

USD '000	2018	2017
Sensitivity re. bunker prices: Effect of 1% increase in bunker price		
Change in profit before tax	-314	-220
Change in equity	-314	-220

Interest rates

As of 31 December 2018, the Group's interest bearing debt amounted to USD 65.5 million. The majority of the debt carries floating interest, based on LIBOR. As a result, the Group's interest expenses are affected by fluctuations in LIBOR.

USD '000	2018	2017
Sensitivity re. interest rates: Effect of 100 basis points increase in LIBOR		
Change in profit before tax	-640	-739
Change in equity	-640	-739

Currency rates

The majority of the Group's revenue is denominated in USD while parts of the costs are denominated in other currencies, mainly EUR and DKK. Consequently, the Group is exposed to fluctuations in currency rates, in particular the USD/EUR rate.

USD '000	2018	2017
Sensitivity re. currency rates: Effect of 1% strengthening of EUR vs. USD		
Change in profit before tax	-153	-145
Change in equity	-153	-145

Note 29. Related party disclosures and transactions with related parties

Related parties with controlling influence

MOL Nordic Tankers was in the financial year 2018 100% owned by Nordic Tankers LuxCo. S.C.A. The Group was ultimately controlled by Triton, based in St. Helier, Jersey, with 100% ownership.

On 21 December 2018, Triton signed an agreement to sell Nordic Tankers to MOL Chemical Tankers Pte. Ltd. The sale was closed on 31 January 2019 and consequently, MOL Chemical Tankers is not considered a related party in 2018.

Associated companies and joint ventures

For a list of associated companies and joint ventures, see note 31.

Transactions with related parties

The related parties comprise the Executive Board, members of the Board of Directors, as well as their close relatives. Related parties also include companies in which the above-mentioned persons have significant interests as well as companies and foundations, which have direct or indirect considerable influence through shareholding.

In the financial year, the Group had the following transactions with related parties:

USD '000	Key personnel in manage-ment	Associated companies	Joint ventures	Other related parties[1]	Total
2018					
Management fees (income)	-	-	-	20	20
Charter hire (expese)	-	-	-	-	-
Opex services (income)	-	-	-	-	-
Opex services (expense)	-	-1,000	-	-	-1,000
Administive services (income)	-	1,004	-	3,745	4,749
Administive services (expense)	-	-	-	-287	-287
Remunerations etc. ref. note 5	-3,508	-	-	-	-3,508
Net financials	-	-3	-	-0	-3
Trade receiveables	-	-83	-	699	616
Other receivables	-	-3	-	-	-3
Shareholder loans	-	-	-	-	-
Trade payables	-	-0	-	-7	-7
Other liabilities	-	-324	-	-1,245	-1,569
2017					
Management fees (income)	-	-	400	120	520
Charter hire (expense)	-	-	-	-6	-6
Opex services (income)	-	97	2,296	401	2,795
Opex services (expense)	-	-792	-	-32	-825
Administive services (income)	-	9	1,013	8,133	9,156
Administive services (expense)	-	-1,396	-	-90	-1,487
Remunerations etc. ref. note 5	-2,360	-	-	-	-2,360
Net financials	-	3	1	30	34
Trade receiveables	-	19	200	-149	69
Other receivables	-	-12	-2	-93	-106
Shareholder loans	-	-	-	-	-
Trade payables	-	-1	8	-2,115	-2,108
Other liabilities	-	-179	-241	-2,334	-2,754

[1]Other related parties consists of Triton entities and Triton controlled entities.

Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies applied.

Note 30. Companies in the Group

Company	Country	Registration number	Owner-ship	Voting rights
MOL Nordic Tankers A/S	Denmark	34466696	100%	100%
MOL Nordic Tankers Freight ApS	Denmark	34696373	100%	100%
Nordic Caribe ApS	Denmark	35827110	100%	100%
Nordic Caribe K/S	Denmark	35836470	100%	100%
MOL Nordic Tankers Trading A/S	Denmark	17952072	100%	100%
MOL Nordic Tankers (USA) LLC	USA	99-0375248	100%	100%
MOL Nordic Tankers (Colombia) S.A.S.	Colombia	860522025-4	100%	100%
Nordic Tankers Marine India Pvt. Ldt.	India	U61200MH2013FYC239604	100%	100%
Associated companies:				
Dania Ship Management Holding A/S	Denmark	39153238	60%	40%
Joint ventures:				
Nordic Womar Pte. Ltd	Singapore	201025308M	50%	50%

Nordic Tankers Marine India Pvt. Ltd. and Nordic Womar Pte. Ltd. are planned to be liquidated in 2019.

Note 31. Subsequent events

On 8 January 2019 it was announced that MOL Chemical Tankers Pte. Ltd. acquired 100 percent of the shares in Nordic Tankers A/S. The transaction was closed on 31 January 2019. In connection with the transaction, the name was changed from Nordic Tankers A/S to MOL Nordic Tankers A/S.

On 25 January 2019, a shareholder loan amounting to USD 5.6 million was converted to equity and a cash injection of USD 2.2 million as equity was made.

Note 32. Accounting policies

Accounting policies, in addition to those described in note 1, are as described below.

Consolidated financial statements

The consolidated financial statements include MOL Nordic Tankers A/S (parent company) and the enterprises (subsidiaries) which are controlled by the parent company. Control is achieved when the company:

- has the power of the investee
- is exposed or has the right to variable returns from involvement with the investee
- has the ability to use its power to affect its returns

The Group's joint control or significant influence over an entity or activity is subject to an assessment of power and exposure to variability in returns. When assessing joint control, an analysis is carried out to determine which decisions require unanimity and whether these concern the activities that significantly affects return. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is typically relevant for the pool arrangements in which some of the Group's vessels operate. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Basis of consolidation

The consolidated financial statements have been prepared on the basis of the accounts of MOL Nordic Tankers A/S and its subsidiaries and joint arrangements. The consolidated financial statements have been prepared by adding together items of a uniform nature. The accounts used for consolidation purposes have been prepared in accordance with the Group's accounting policies. Intercompany income and expenses, intercompany balances and dividends as well as profit and loss from intercompany transactions have been eliminated on consolidation. Subsidiaries' items are recognized in full in the consolidated financial statements. Investments in joint arrangements are recognized and measured in the consolidated financial statements based on the equity method. The proportionate share of the results of the entities after tax and elimination of unrealized proportionate intercompany profits and losses is recognized in the income statement.

Business combinations

Newly acquired or formed entities are recognized in the consolidated financial statements from the date of acquisition or formation. The date of acquisition is the date on which control over the entity is effectively transferred.

When purchasing new entities where the Group has a controlling influence over the acquired business, the acquisition method is used, after which the entities' assets, liabilities, contingent liabilities are measured at fair value at acquisition date. Non-current assets, which are acquired with intention to sale, are measured at fair value withdrawn expected sales costs. Restructuring costs are recognized in the acquisition balance, only if they constitute a liability for the acquired entity. The tax effect of the revaluations is taken into account.

The consideration for a company consists of the fair value of the consideration paid for the acquired entity. If the final determination of the consideration is conditional on one or more future events, these are recognized at their fair value at the acquisition date. Costs relating to the acquisition are recognized in the income statement at the time of the event.

Positive differences (goodwill) between the acquisition cost of the acquired entity, the value of minority interests in the acquiree and the fair value of previously acquired interests and the fair value of the acquired assets, liabilities and contingent liabilities are recognized as an asset in intangible assets and tested at least once a year for impairment. If the carrying amount of the asset exceeds its recoverable amount, it is depreciated to the lower recoverable amount.

In the case of negative differences (negative goodwill), the estimated fair values are recalculated purchase consideration for the enterprise, the value of minority interests in the acquired company and the fair value of previously acquired shareholdings. If the difference is still negative, the difference is recognized as an extraordinary income in the income statement.

If, at the time of acquisition, uncertainty exists regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration, first recognition is based on preliminary values. The provisionally calculated values can be adjusted or additional assets or liabilities are recognized up to 12 months after the acquisition, if new information has been obtained regarding circumstances existing at the acquisition date that would have affected the valuation of the acquisition date if the information was known.

Subsequent changes in estimates of conditional purchase remuneration are generally recognized directly in profit or loss.

Profits or losses on the sale or settlement of subsidiaries and associates

Profits or losses of sale or settlement of subsidiaries and associates that result in termination of control and significant influence are calculated as the difference between the fair value of the sales proceeds or the settlement amount and the fair value of any remaining equity interests and, on the other hand, the carrying amount of the net assets at the disposal or settlement date, including goodwill, withdrawn any minority interests. The realized profit or loss is recognized in the income statement as well as accumulated exchange rate adjustments previously recognized in other comprehensive income.

Foreign currency translation

The functional and presentation currency of the Group is USD. On initial recognition, transactions in currencies other than the functional currency of each entity are translated using the exchange rate at the date of the transaction. Receivables, payables and other monetary items in foreign currencies, which have not been settled at the balance sheet date, are translated using the rate of exchange at the balance sheet date. Any exchange differences arising between the rate of exchange at the date of the transaction and the rate of exchange at the date of payment and the balance sheet date, respectively, are recognized in the income statement as financial income and expenses. Property, plant and equipment, intangibles, inventories and other non-monetary assets purchased in foreign currencies and measured using historical costs are translated using the rate of exchange at the date of the transaction.

Income statement

Revenue and other operating income

Income, including revenue and other operating income, is recognized in the income statement when:

- The income generating 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 Group
- Costs relating to the transaction can be measured reliably

Revenue comprises freight, demurrage and other income from transportation of freight. Revenue is recognized 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 onhire days completed divided by the expected total voyage days for the individual cargo. Accordingly, freight revenue for cargoes under transport at year-end is recognized at selling price multiplied by stage of completion.

The Group generates part of its revenue through pool or joint venture arrangements. Total pool revenue is generated from each vessel participating in the pool. The pool measures revenue based on the contractual rates and the duration of each voyage, and revenue is recognized in the pools income statement upon delivery of service in accordance with the Group's definition on recognizing income. The pools are regarded as joint arrangements, and the Group's share of items in the income statement and balance sheet in the respective pools is accounted for by recognizing a proportional share, based on participation in the pool. The Group's share of pool revenue is primarily dependent on the number of days the Group's vessels have been available for the pools in relation to the total available pool earning days during the period.

Other operating income comprises management fees and other income. Management fees related to voyages are recognized based on the same principles as revenue. Other income is recognized when invoiced.

Voyage related expenses

These are expenses related to voyages performed by the Group's vessels. Voyage related expenses consist mainly of bunkers, port expenses and commissions. Voyage related expenses are recognized concurrently with the voyage.

Charter hire

Lease payments relating to charter hire (operating leases) are recognized using the straight-line method in the income statement over the term of the leases.

Operating expenses

Operating expenses include costs relating to the operation and maintenance of vessels, including costs relating to crew. Operating expenses are recognized as incurred.

Administrative expenses

Administrative expenses include the cost of offices, personnel costs and administrative costs. Staff costs comprise wages and salaries, social security and pension costs, etc. and are recognized as incurred.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation of tangible and intangible fixed assets for the period as well as the impairment of the value of assets by the amount by which the carrying amount of the asset exceeds its recoverable amount. In the event of indications of impairment, the carrying amount is assessed, and the value of the asset is impaired to its recoverable amount equal to the higher of value in use based on net present value of future earnings from the assets and its net selling price.

Financial items

Financial items comprise interest income and expenses, realized and unrealized gains and losses on securities, liabilities and foreign currency transactions, dividends, estimated interest expenses relating to amortization allowances or deductions relating to mortgage debt etc. as well as surcharges and allowances under the Danish Corporate Tax Scheme.

Interest income and expenses are accrued on the basis of the principal and the effective interest rate. The effective interest rate is the discount rate that will be used to discount the expected future payments that are linked to the financial asset or financial liability so that their present value corresponds to the carrying amount of the asset and liability.

Dividends from investments in equity interests are recognized when a final right has been acquired for the dividend. This will typically be stated at the time of the general meeting's approval of the distribution from the company in question. However, in the consolidated financial statements, this does not apply to investments in associates that are measured using the equity method.

Tax

As the Group is mainly operating in Denmark, the Group's current tax of the year consist of estimated tax according to the Danish Tonnage Tax Act for all shipping activities, and according to general tax regulations for net financial income and other activities. Other activities consist of the Group's management activities. Shipping activities are taxed on the basis of the net tonnage (vessels) which the Group has at its disposal.

Based on the Group's planned use of vessels and recovery of reversed depreciation, the tonnage tax regime does not result in a deferred tax liability, but is merely incorporated as a contingent liability.

Balance sheet

Intangible assets

Intangible assets pertain to developed software which is measured at cost less amortization. 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. Developed software is amortized straight-line over a period of 3 years (36 month).

Property, plant and equipment, vessels and dry-docking

Property, plant and equipment, vessels, upgrade costs, dockings and office and IT equipment, are measured at cost less accumulated depreciation and impairment losses. 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. Other borrowing costs are taken to the income statement. 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.

Vessels

Vessels are measured at cost less accumulated depreciation and write-downs. All major components of vessels except for dry-docking assets are depreciated on a straight-line basis to the estimated residual value over their estimated useful lives, which the Group estimates to be 25 years. Depreciation is based on cost less the estimated residual value. Residual value is estimated as the light weight tonnage of each vessel multiplied by scrap value per ton. The useful life and residual value of the vessels are reviewed at least at each financial year-end based on market conditions, regulatory requirements and the Group's business plans. Moreover, the Group evaluates the carrying amount of the vessels to determine whether events have occurred that indicate impairment and would require an adjustment of the carrying amounts. Prepayments on vessels under construction are recognized as instalments paid.

Dry-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 age of the vessel. Costs relating to dry-dockings are capitalized 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 which are 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.

Office and IT equipment

Office and IT equipment is depreciated on a straight-line basis over the estimated useful lives, which does not exceed 5 years.

Impairment tests

The carrying amounts of property, plant and equipment with finite useful lives are evaluated at the balance sheet date to determine whether there are indications of impairment. If an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the need for recognizing an impairment loss and the extent hereof. If an asset does not generate cash flows that are independent from other assets, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs. The Group is considered as one cash generating unit. The recoverable amount is defined as the higher of the fair value of the asset or the cash generating unit less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money, the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For vessels, the fair value is usually determined based on the estimated selling price less costs to sell. If the recoverable amount of the asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount.

An impairment loss for cash-generating units is allocated to the assets of the unit, but no asset will be reduced to a lower value than its fair value deducted expected costs to sell. Impairment losses are recognized in the statement of comprehensive income. If an impairment loss subsequently is reversed as a result of changes in the assumptions used to determine the recoverable amount, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a jointly controlled entity where the ventures have a contractual arrangement that establishes joint control of the entity and the ventures rights to the net assets of the entity. The agreement requires unanimous consent of the ventures. The results, assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the statement of financial position for the Group at cost and adjusted thereafter to recognize the Group's share of the profit and loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses.

Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value deducted costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The entities are all engaged in shipping activities. The profit or loss from these investments is included in "Share of results of associated companies and joint ventures" in the income statement for the Group.

Other financial fixed assets

Other financial fixed assets consists of loans with maturities longer than 12 months after the reporting period. Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are initially measured at fair value and subsequently at amortized cost, which usually equals the nominal value less provisions for bad debts. Impairment is assessed individually using a provisions account.

Deposits are considered a non-current asset, when the lease agreements is interminable within 12 months from the balance sheet date.

Restricted cash is considered a non-current asset when restrictions will be released more than 12 months from the balance sheet date.

Other investments are presented as non-current, unless Management intends to dispose of the investments within 12 months from the balance sheet date.

Inventories

Inventories are measured at cost according to the FIFO method, or net realizable value if lower. Inventories consist of bunkers and lubricants etc. The cost of bunkers and lubricants includes the purchase price and delivery costs.

Receivables

Receivables comprise trade receivables (including accrued income) and other receivables. Receivables are classified as receivables that are financial assets, with fixed or determinable payments, which are not quoted in an active market and which are not derivative financial instruments. Receivables are initially measured at fair value and subsequently at amortized cost, which usually equals the nominal value less provisions for bad debts. Impairments are assessed at individual level, as well as at portfolio level using an accrued account.

Cash and cash equivalents

Cash and cash equivalents includes 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.

Assets held for sale

Assets held for sale and related liabilities are presented separately from other assets and liabilities and measured at the lower value of its carrying amount and fair value less cost to sell.

Dividends

Dividend are recognized as a liability at the time of approval by the General Meeting. Dividends proposed by Management in respect of the year are stated under equity.

Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured as the best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions with an expected maturity of more than one year from the balance sheet date are measured at present value.

Non-current and current financial liabilities (interest bearing debt)

Finance loans are initially measured at fair value less any transaction costs. Finance loans are subsequently measured at amortized cost. This means that the difference between the amount on initial recognition and the redemption value is recognized in the income statement as a financial expense over the term of the loan using the effective interest method.

Other liabilities

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

Cash flow statement

The consolidated cash flow statements are presented using the indirect method and show cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are stated as the operating profit or loss, adjusted for non-cash operating items and changes in working capital, less corporation tax paid attributable to operating activities.

Cash flows from investing activities include payments in connection with the acquisition and divestment of enterprises and financial assets and the acquisition, development, improvement and sale, etc. of intangibles and property, plant and equipment.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognized in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognized up to the time of sale. Cash flows from financing activities comprise changes in the parent company's share capital and related costs as well as raising and repayment of loans, instalments on interest bearing debt, acquisition of treasury shares and payment of dividend. Cash flows in other currencies than the functional currency are recognized in the cash flow statement using average exchange rates for the respective months, unless these deviate materially from the actual exchange rates ruling at the dates of the transactions. If so, the actual exchange rates are used.

Parent company financial statements

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Parent company income statement

1 January - 31 December

USD '000	Note	2018	2017
Administrative expenses	3	-561	-636
Operating profit before depreciation etc. (EBITDA)		**-561**	**-636**
Share of results of subsidiaries		-11,011	-5,640
Share of results of associated companies and joint ventures		-	-48
Operating profit (EBIT)		**-11,572**	**-6,324**
Financial income	4	307	95
Financial expenses	5	-111	-99
Result before tax		**-11,376**	**-6,328**
Tax	6	66	-21
Net result		**-11,310**	**-6,349**
Attributable to:			
Shareholders of MOL Nordic Tankers A/S		-11,310	-6,349
		-11,310	**-6,349**

Parent company balance sheet

at 31 December

USD '000	Note	2018	2017
ASSETS			
Investments in group enterprises	7	42,583	55,343
Investments in associated companies	7	-	-
Investments in joint ventures	7	1	36
Loans to group enterprises	7	15,235	3,487
Financial assets		**57,819**	**58,866**
Non-current assets		**57,819**	**58,866**
Receivables from group enterprises		550	8
Other receivables		207	144
Cash and cash equivalents		5,674	5,690
Current assets		**6,431**	**5,842**
Assets		**64,250**	**64,708**

Parent company balance sheet

at 31 December

USD '000	Note	2018	2017
EQUITY AND LIABILITIES			
Share capital	8	1,222	1,089
Retained earnings		57,289	61,162
Equity		**58,511**	**62,251**
Loans from related parties		-	2,262
Non-current liabilities		**-**	**2,262**
Loans from related parties		5,600	-
Trade payables		80	93
Payables to group enterprises		-	45
Other payables		59	57
Current liabilities		**5,739**	**195**
Liabilities		**5,739**	**2,457**
Equity and liabilities		**64,250**	**64,708**

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Parent company statement of changes in equity

1 January - 31 December

USD '000	Share capital	Retained earnings	Total
2018			
Equity at 1 January 2018	**1,089**	**61,162**	**62,251**
Net result	-	-11,310	-11,310
Issue of share capital during the year	133	7,437	7,570
Total change in equity	**133**	**-3,873**	**-3,740**
Equity at 31 December 2018	**1,222**	**57,289**	**58,511**
2017			
Equity at 1 January 2017	**1,089**	**67,511**	**68,600**
Net result	-	-6,349	-6,349
Total change in equity	**-**	**-6,349**	**-6,349**
Equity at 31 December 2017	**1,089**	**61,162**	**62,251**

Notes to the parent company financial statements

Note 1. Changes to accounting policies and significant accounting policies

The parent company of the Group is MOL Nordic Tankers A/S. MOL Nordic Tankers A/S is a limited liability company with its registered office in Denmark.

The parent company's financial statements are prepared in accordance with the requirements in the Danish Financial Statements Act applying to large enterprises in reporting class C.

The accounting policies remain unchanged from the previous year.

The parent company basically uses the same accounting policies for recognition and measurement as the Group as there is no material differences between IFRS (as used in the Group's financial reporting) and the Danish Financial Statements (as used in the parent company's financial reporting) in areas which are relevant to the parent company. The cases where the parent company's accounting policies differ from the Group are described below. For a detailed description of the Parent Company's accounting policies, see Note 32 to the Consolidated Financial Statements.

Cases where the parent company's accounting policies differ from the Group

Results from investments in subsidiaries

Results from investments in subsidiaries comprises the individual entities' earnings after full elimination of internal gains and losses.

Conversion of foreign currency

Exchange rate adjustments of receivables from or liabilities to subsidiaries, which are considered part of the parent company's investment in the subsidiary, are recognized in the income statement under financial items. In the consolidated financial statements, value adjustments are recognized in other comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are recognized and measured according to the equity method.

In the balance sheet under the items "investments in subsidiaries", the proportional ownership share of the companies' net asset value is recognized.

The total net revaluation of investments is subsidiaries is transferred through the distribution of profits to "Reserve for net revaluation according to equity method" under equity. The reserve is reduced by dividend payments to the parent company and is adjusted with other changes in equity in subsidiaries.

Subsidiaries with negative net asset value are recognized at USD 0, and a provision to cover the negative balance is recognized if such a present obligation for this purpose exists.

Note 2. Significant accounting estimates, assumptions and uncertainties

For a description of significant accounting estimates, assumptions and uncertainties, see note 2 of the consolidated financial statements.

Note 3. Administrative expenses

Average employees	2018	2017
Employees	-	-

Note 4. Financial income

USD '000	2018	2017
Interest income from group enterprises	234	44
Other interest income	49	39
Exchange rate gains	14	2
Other financial income	10	10
Financial income	**307**	**95**

Note 5. Financial expenses

USD '000	2018	2017
Interest expenses to related parties	109	76
Other interest expenses	1	-
Exchange rate losses	-	15
Other financial expenses	1	8
Financial expenses	**111**	**99**

Note 6. Tax

USD '000	2018	2017
Tax on the results for the year	-	9
Adjustments of tax regarding previous years	-66	12
Tax for the year recognized in the income statement	**-66**	**21**

Note 7. Investments in group enterprises, associated companies and joint ventures

USD '000	Group enter-prises	Associ-ated compa-nies	Joint ventures	Loans to group enter-prises	Total
2018					
Cost at 1 January 2018	62,514	44	36	3,487	66,081
Additions for the year	-	-	-	22,383	22,383
Disposals for the year	-	-	-35	-10,635	-10,670
Cost at 31 December 2018	**62,514**	**44**	**1**	**15,235**	**77,794**
Revaluation at 1 January 2018	-7,171	-44	-	-	-7,215
Share of result for the year	-11,010	-	-	-	-11,010
Dividends for the year	-1,750	-	-	-	-1,750
Revaluation at 31 December 2018	**-19,931**	**-44**	**-**	**-**	**-19,975**
Carrying amount at 31 December 2018	**42,583**	**-**	**1**	**15,235**	**57,819**
2017					
Cost at 1 January 2017	138,311	-	100	-	138,411
Acquisitions for the year	74	-	-	-	74
Additions for the year	15	-	-	3,487	3,502
Disposals for the year	-75,842	-	-64	-	-75,906
Other movements for the year	-44	44	-	-	-
Cost at 31 December 2017	**62,514**	**44**	**36**	**3,487**	**66,081**
Revaluation at 1 January 2017	-73,269	-	390	-	-72,879
Share of result for the year	-5,593	-44	-4	-	-5,641
Repurchase of shares for the year	-4,000	-	-386	-	-4,386
Disposals for the year	75,804	-	-	-	75,804
Other movements for the year	-113	-	-	-	-113
Revaluation at 31 December 2017	**-7,171**	**-44**	**-**	**-**	**-7,215**
Carrying amount at 31 December 2017	**55,343**	**-**	**36**	**3,487**	**58,866**

Note 8. Share capital

	2018			2017		
	Number of shares	Nominal value	Share capital	Number of shares	Nominal value	Share capital
		DKK	DKK		DKK	DKK
Class A shares	7,000,000	1.00	7,000,000	6,139,400	1.00	6,139,400
Share capital 31 December	**7,000,000**	**1.00**	**7,000,000**	**6,139,400**	**1.00**	**6,139,400**

On 14 December 2018, shareholder loans amounting to USD 7,571,202 were converted to equity. In connection with this, the share capital was increased by USD 133,405 (DKK 860,600) by issuing 860,600 new shares with a nominal value of DKK 1.00. The remaining amount of USD 7,437,797 has been recognized as share premium in retained earnings.

Note 9. Unrecognized contingent assets and liabilities

MOL Nordic Tankers A/S is a management company being party to the national Danish 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. As of 31 December 2018, the income taxes payable for the jointly taxed companies was USD 0.

In 2018, the taxable result of MOL Nordic Tankers A/S was USD -0.1 million. The corresponding tax credit has not been recognized in the income statement but is considered a contingent asset. The accumulated amount (including previous years) is USD 0.2 million. The Company's activities are subject to the Danish tonnage tax scheme, and consequently, Management finds that it is uncertain whether the Group will be able utilize the credit.

MOL Nordic Tankers A/S has issued guarantees for the obligations of its subsidiaries, mainly relating to financing of vessels and certain time charter and bareboat agreements.

Note 10. Related party disclosure and transactions with related parties

MOL Nordic Tankers A/S was in the financial year 2018 100% owned by Nordic Tankers LuxCo. S.C.A. which had a controlling interest in the Company.

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

Note 11. Subsequent events

See note 31 of the consolidated financial statements.

Note 12. Accounting policies

See note 32 of the consolidated financial statements.

Statement by the Board of Directors and Executive Management

The Board of Directors and the Executive Management have today considered and approved the annual report of MOL Nordic Tankers A/S for the financial year 1 January - 31 December 2018.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as approved by the EU and additional requirements in the Danish Financial Statements Act. The financial statements of MOL Nordic Tankers A/S are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the financial position of the Group and the Parent Company as at 31 December 2018 and of the results of the Group's and the Parent Company's operations and the Group's consolidated cash flows for the financial year 1 January - 31 December 2018.

In our opinion, the Management's review provides a fair review of the development in the operations and financial circumstances of the Group regarding the results for the year and of the financial position of the Group as well as a description of the most significant risks and elements of uncertainty, which the Group is facing.

We recommend that the annual report be adopted at the annual general meeting.

Hellerup, 5 March 2019

Executive management

Per Sylvester Jensen	Henriette Schütze	Annette Bruhn Hasenberg
Chief executive officer	*Chief financial officer*	*Senior vice president*

Board of Directors

渡邊律		
Tsuneo Watanabe	Per Sylvester Jensen	Akio Mitsuta
Chairman	*Chief executive officer*	*Board member*
Hiroaki Okada		
Board member		

Independent auditor's report

To the shareholders of MOL Nordic Tankers A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of MOL Nordic Tankers 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, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

We have audited the consolidated financial statements and the parent financial statements of MOL Nordic Tankers A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the income statement of the Parent and the statement of comprehensive income and cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31-12-2018, and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent'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.

Our opinion is consistent with our audit book comments issued to the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group 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.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act as well as the preparation of parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 05-03-2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Henrik Hjort Kjelgaard	Bjarne Iver Jørgensen
State-Authorised	State-Authorised
Public Accountant	Public Accountant
MNE no 29484	MNE no 35659

Definitions and glossary

Ratios

Key figures and key ratios are defined and calculated in accordance with the Danish Association of Financial Analyst's "Recommendations and Financial Ratios 2015":

Key ratio	Calculation formula	Comments
TCE margin (%)	$\frac{\text{TCE}}{\text{Revenue}}$	The ratio reflects the percentage of revenue, minus voyage related costs, that covers capacity costs, net financing costs, taxes and profit.
EBITDA margin (%)	$\frac{\text{EBITDA}}{\text{Revenue}}$	The ratio reflects the entity's operational profitability.
EBIT margin (%)	$\frac{\text{EBIT}}{\text{Revenue}}$	The ratio reflect the entity's true business costs
Return on invested capital (%)	$\frac{\text{EBITA}}{\text{Average invested capital}}$	The ratio reflects the entity's ability to generate return on invested capital through operations.
Return on equity (%)	$\frac{\text{Net result}}{\text{Average equity}}$	The ratio reflects the entity's ability to generate return to shareholders when taking into account the entity's capital base.
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$	The ratio reflects the financial gearing of the entity.

Glossary

A **Active Core** Fleet Owned vessels and vessels chartered for more than 13 months (long-term chartered vessels)

Active fleet Owned vessels, vessels chartered for more than 13 months (long-term chartered vessels) and vessels chartered for less than 13 months (short-term chartered vessels).

B **Ballast** Amount of unpaid cargo carried in order to provide sufficient weight to keep a vessel stable.

Ballast leg Voyage with no cargo on board, to position a ship for the next load port or dry-docking.

Ballast tank Tank that can be filled with ballast, to provide stability for the vessel.

Bareboat-charter (BB) An arrangement involving the hiring of a vessel, under which the party that hires the vessel covers crew costs and all other operating expenses, including docking and maintenance, in addition to all voyage-related costs. On its return, the ship shall be in the same condition as when delivered, normal wear and tear expected.

Barging Transfer of cargo to/from a vessel from/to a barge.

Broker An intermediary in the process of negotiating freight contracts between owners and charterers, the sale and purchase of ships and similar transactions.

Bloomberg Provider of financial news and data.

Bunker Engine fuel, to power a vessel.

C **CBM** Cubic meter, volume measurement = 1 meter high x 1 meter wide x 1 meter deep = 1 m^3 = 1.000 liters.

CDP Platform for collecting and presenting companies' environmen-tal data to stakeholders.

Charter party (C/P) Agreement between a ship owner and a charterer, outlining terms and conditions governing the trans-action. The agreement may be for one or several voyages, or for a certain period.

Charterer The party hiring and paying for vessels or vessel space. This may be the cargo owner, an intermediary or the receiver of the cargo.

Chemical tank Transport of Organic products, inorganic products, Vegetable oils and others.

CO_2 Carbon dioxide.

COA (Contract of Affreightment) Agreement to transport cargo for a predetermined period - 3 months, 5 years, 10 years etc. - and at a predetermined price per ton.

Coating Paint protecting the inside of a vessel's tanks. Usually epoxy- or zinc-based paints.

Commercial management Agreement to operate a vessel on the account and risk of the ship-owner.

Coverage Securing employment of a vessel for a longer period of time (see spot market)

CSR (Corporate Social Responsibility) Companies' responsible business practices.

D **Deadweight tonne (DWT)** Measure of the weight-carrying capacity of the vessel.

Deep-sea trade Sea-borne trade along intercontinental trade routes.

Demurrage Compensation paid by the charterer, supplier or receiver of the cargo for time spent during port call in excess of the lay-time stipulated in the Charter Party for loading/discharging operations.

Double Hull Vessels destined with an inner and outer hill, to enhance safety by allowing leakages to be contained in the event of potential groundings or collisions. The space between the inner and outer hull may also be used as ballast tank.

Dry-dock Putting a vessel into dry—dock for inspection and repairs of underwater parts, and painting of the vessel bottom. Usually carried out every 2½th or 5th year.

E **EBIT** Earnings before Interest and Tax.

EBITA Earnings before Interest, Tax and Amortization

EBITDA Earnings before Interest, Tax, Depreciations and Amortization

Eco vessel Vessel with improved fuel efficiency

EEOI (Energy Efficiency Opera-tional Indicator) Calculation and analysis system used when measuring CO2 emissions from the vessels.

F **FFA (Forward Freight Agreement)** Forward agreement to purchase or sell the transport of cargo for a particular type of vessel and route at a predetermined price.

Forward rate Market expectations for future rate levels.

G **Gross fleet** Owned vessels, vessels chartered for more than 13 months (long-term chartered vessels), vessels chartered for less than 13 months (short-term chartered vessels) and vessels for delivery.

Gross gearing The ration of the Group's net commitments to equity before deduction of contractually secured cash flows.

I **IAS** International Accounting Standards.

IEA International Energy Agency.

IFRS International Financial Reporting Standards.

IMF International Monetary Fund.

IMO International Maritime Organization - Shipping organization under the UN.

IMOS Shipping system that supports chartering, operations and accounting related functions for the Group's fleet of chemical tanker vessels.

Inorganic chemicals Chemicals with molecular structure containing no carbon atoms (other than as part of a carbonate group) and which are derived from sources other than hydrocarbons, such as sulphuric acid, phosphoric acid and caustic soda.

INTERTANKO International association of independent tanker owners.

ISMC International Safety Management Code. The first formalized initiative by IMO to provide a universal standard for vessels safety managements systems.

L **LIBOR** London Interbank offered Rate. The average of interest rates estimated by each of the leading banks in London that it would be charged were it to borrow from other banks.

Liner shipping Voyages with fixed routes.

Long-Term charter Agreement to charter a vessel for more than 13 months.

LTIF (Lost time injury frequency) Number of work-related injuries that make employees unable to work the next workday times one million divided by total number of working hours.

LPG Liquefied petroleum gas.

M **MACN** Maritime Anti-Corruption Network.

MARPOL IMO's international regulations for the prevention of pollution by garbage from ships.

M/T Motor tanker.

MT Metric tonne.

NH3 Ammonia

NOX Mono-nitrogen oxides. Nitrogen combined with oxygen to from a variety of compounds.

N **Net Asset Value (NAV)** Booked equity adjusted for the market value of the fleet.

Net gearing The ratio of the Group's net commitments to equity after deduction of contractually secured cash flows.

O **OECD** Organization for Economic Co-operation and Development.

Offhire The time a vessel is prevented from being gainfully employed for its owner or charterer, e.g. time used for repairs.

Onhire The time a vessel is gainfully employed for its owner or charterer, e.g. time used on voyages.

Operating expenses Expenses for crew as well as all other expenses directly connected with the running of the ship, including maintenance and insurance.

Operator activities Combination of cargoes and available vessels in the market.

Operator profit Value added compared to earnings if employed at forward rates at the beginning of the year.

Organic chemicals Chemicals containing carbon-based molecules. Often referred to as petrochemicals when derived from hydrocarbon sources such as oil, gas and coal.

P **Petrochemicals** See organic chemicals.

Pool Group of vessels with different owners but commercially operated together.

Port State Control The countries' technical inspection of foreign vessels calling at their ports.

PPM Parts per million (1 ppm = 0,000001 or 1 mg/kg).

Purchase option A right, but not obligation, to purchase a vessel at an agreed price.

R **RoE** Return on Equity.

RoIC Return on Invested Capital.

S **Segregation** Division of a vessel's cargo space to allow different cargoes being kept completely segregated during the entire voyage, including during loading and unloading.

Short-sea trade Sea-borne trade within a particular trading area (i.e. not intercontinental).

Short-term charter Agreement to charter a vessel for less than 13 months.

SIRE (Ship Inspection Report Programme) The oil companies' inspection of the safety and operational standard of the product tankers.

Solvents Liquids that can dissolve other substances.

SOx The Sulphur oxides SO and SO_2.

Spot Market Day-to-day market for cargo contracts.

Spot rate Cargo freight rate not governed by a contract of Affreightment, usually based on the current market level.

STCW International convention on standards of training, certifications, and watch-keeping of seafarers.

T **Time-charter (T/C)** Lease of a vessel whereby the vessel is hired for a short or long period.

TCE (time-charter earnings) Gross freight revenues minus voyage costs divided by number of trading days usually expressed in USD per day.

Technical management Agreement to manage a vessel's technical operations and crew at the account and risk of the ship-owner.

Tonne Gross registered tonne is a volume of 100 cubic feet (2,83 cubic meters). Gross registered tonnage is the volume of the vessels closed areas, excluding the bridge, the galley and a few other areas. Net registered tonnage is the gross tonnage less volumes needed for the operation of the vessel (deck, storage room, engine room etc.), i.e. the volume available for cargo.

Tonne-mile A measure of demand for capacity. Calculated as the freight amount times the transport distance in nautical miles.

Trade Geographical area where a vessel mainly trades.

Trading days Days a ship is not off-hire.

Transshipment Transfer of cargo from one vessel to another, e.g. from a vessel within global trade to a coaster or barge within regional trade bound for final destination.

Triton Triton Managers III Limited, Triton III Funds, Triton III F&F Limited and Triton III F&F Funds.

U **UN Global Compact** The UN's corporate sustainability initiative.

USDA United States Department of Agriculture

V **Vessel days** Total number of days with available vessel capacity.

Vetting Collective term for the many kinds of inspections of chemical tankers - including SIRE inspections - which the oil companies carry out themselves or demand to have carried out.

Voyage charter Agreement for the transportation of cargo from the port(s) of loading to the port(s) of unloading. Payment is normally per tonne of cargo, and the ship owner pays for bunkers, port and canal charges and other voyage-related costs.

Voyage expenses Expenses dire-ctly relating to the voyage, such as bunkers, port charges, canal dues, etc.

Company information

MOL Nordic Tankers A/S

Tuborg Havnevej 15

2900 Hellerup

Registration no. 34 46 66 96

www.molnordictankers.com

Group structure

Please refer to note 31 in the consolidated financial statement.

Board of Directors and management

BOARD OF DIRECTORS

- Tsuneo Watanabe - Chairman of the Board
  Board member since February 2019
- Akio Mitsuta
  Board member since February 2019
- Hiroaki Okada
  Board member since February 2019
- Per Sylvester Jensen
  Board member since June 2014

KEY MANAGEMENT PERSONEL

- Per Sylvester Jensen – Chief Executive Officer
  Employed February 2014
- Henriette Schütze – Chief Financial Officer
  Employed October 2014
- Annette B. Hasenberg – Senior Vice President, People, Communication and Culture
  Employed February 2010