

ANNUAL REPORT 2016

Crystal Nordic A/S

Registration no. 37369306

Tuborg Havnevej 15

2900 Hellerup



Mission

"We build relations on trust and want you to excel"

Vision

"Together we will always be the better choice"

Contents

Introduction	4
Management report.....	5
Consolidated financial statements	13
Notes	18
Parent company financial statements	38
Board of directors and CEO declaration and signatures	48
Independent auditor's report.....	49
Definitions and glossary.....	52
Company information	53

Introduction

The Board of Directors hereby presents the annual report and consolidated financial statements of Crystal Nordic A/S for the fiscal year 2016.

Group Key Figures 2016

Amounts in USD thousand	2016*
Income statement	
Revenue	57,406
Time charter equivalent revenue (TCE revenue)	36,512
EBITDA	11,341
Operating result (EBIT)	2,410
Net financials, excluding profit from associated companies	(2,771)
Result	(248)
Comprehensive income	(248)
Balance sheet and cash-flow data	
Invested capital	104,740
Net working capital (NWC)	46
Equity	70,558
Balance sheet total	126,268
Investments in property, plant and equipment	2,150
Net interest bearing debt	39,692
Cash flow from operating activities	10,021
Cash flow of the year	10,349
Average number of full time land based employees**	11

* The 2016 financial statement is based on 11 months from 1/2-2016.

**Average number of employees excludes the number of seafares.

Management report

Crystal Nordic business review

Crystal Nordic is a chemical tanker operator and ship-owner headquartered in Hellerup, Denmark, primarily operating in Northern Europe and the Baltic Sea.

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

On 1 February 2016, Crystal Nordic was established by Nordic Tankers and Embarcadero Maritime (Borealis Maritime and KKR) as a 50%-50% owned joint venture, thereby combining their respective activities in the segment below 11,400 dwt stainless steel ice class.

The joint venture has its own management, chartering and operations organization, comprising a staff of 11 employees at year-end 2016, while administration services are performed by Nordic Tankers under a Service Level Agreement.

As per year-end 2016, the Crystal Nordic fleet was composed of 15 ice-class vessels, of which 10 were owned, 4 were partly owned and 1 was chartered. 11 of these vessels were under technical management with Nordic Tankers while 4 vessels were under technical management with the Crystal Pool.

During 2016 (11 months), this fleet of 15 vessels performed about 650 voyages and carried 3 million metric tons of cargos composed of industrial alcohols (28%), hydrocarbon mixtures (25%), industrial chemicals (24%), industrial acids (15%) and vegetable oils (9%). 52% of these volumes were carried under contracts of affreightments.

Strategic focus

Crystal Nordic has a mission of building business based on relations and facilitating all its stakeholders to excel by enhancing their own performance. As an industrial player, Crystal Nordic truly believes that by improving the performance of its customers, the Company will expand business, as customers will reckon the value creation by having Crystal Nordic as their long-term partner.

With regard to internal stakeholders such as employees and service providers, Crystal Nordic believes that by supporting their performance and development, they will go the extra mile in order to support the Company and thereby enhance the value creation for customers.

The reason for focusing on building business on relations is that shipping is a people's business, where the vessels and the strict safety focus are a pre-requisite to be capable of being a trustworthy partner in the chemical tanker market. However, the true value creation lies in the long-term partnership focus, which is also reflected in the Company's vision "Together we will always be the better choice".

Organization

The Board of Directors of Crystal Nordic consists of four members with long experience within management and the shipping industry. The Board should have a reasonable size, composition, diversity plus the competences necessary to ensure that they at any given time is qualified to attend to the managerial tasks as the upper management body of the Company.



In 2016, the Board of Directors consisted of:

- Per Sylvester Jensen (Chairman)
- Christoph Egon Ludolf Toepfler (Board Member)
- Frederik Rye-Florentz (Board Member)
- Henriette Schütze (Board Member)

The underrepresented gender

At present, the Board of Directors is made up of three men and one woman. The goal for 2017 is to keep this gender representation on the Board. Should a new Board constitution be relevant, it is the Company's policy always to choose the candidate with the strongest qualifications no matter their gender and the Company encourages everyone to apply regardless of their gender, race, religion and political observation.

Corporate Social Responsibility

All Crystal Nordic's CSR activities emerge from the Company's core business and strategy. The Company is committed to progress in business driven CSR initiatives just like Nordic Tankers, which supplies administration services and acts as technical manager on the majority of Crystal Nordic's vessels. The purpose of this approach is to deliver high quality and best in class services while meeting own and customers' expectations in respect of responsible business practice. Management sees the business driven approach as the only way forward when building a long-term sustainable business, where both the Company and society at large benefits.

Crystal Nordic does not have its own policy for corporate social responsibility; however, the administrator of the Company, has formulated a CSR policy and annually produces a Communication on Progress (CoP) report. Likewise, the other technical manager of the Company, Crystal Pool, has framed a series of policies within safety and environment to which Crystal Nordic also adheres. Nordic Tankers' CSR policy is based on the ten guiding principles of the United Nations Global Compact (UNGC) that cover the areas of human and labor rights, environment & climate and anti-corruption as well as the principle of continuous improvement. The policy states that:

"Nordic Tankers will actively initiate and participate in activities related to CSR and will incorporate CSR initiatives in our strategy at any given time. Nordic Tankers will focus on areas related to health & safety, environment & climate and welfare & training.

Nordic Tankers will strive to continuously improve itself in these fields and communicate openly with our stakeholders about the results we achieve. As with everything else in Nordic Tankers, CSR challenges will be met with a can-do attitude and will be solved in a safe manner with integrity and team-spirit at heart."

The Safety & Environmental Policy of Crystal Pool states that:

By a strict adherence and continuous improvement in our working systems and procedures, we ensure that services provided to the maritime industry are of excellence, professional are competitive, achieving zero incidents and pollution. [...] The Company assumes whole responsibility for safe and efficient operation of all vessels under its full management and takes over all duties imposed by the ISM code. Crystal Pool SRL is committed to comply with applicable legislations and with other industry requirements to which the Company subscribes."

Safety Culture

A key focus area during 2016 was the Safety Culture in Crystal Nordic. The ambition is to prevent all accidents, injuries and occupational illnesses through the active participation of each employee. Therefore, Crystal Nordic's CSR initiatives are embedded, carried out and measured within the various departments. Regardless of where in the organization one might be working, everyone is responsible for ensuring that the safety culture unfolds its full potential. Results of the Safety Culture drive include increased knowledge sharing, less vetting remarks and fewer incidents; however, the Company continues to invest resources in this area to reach the goal of zero incidents. In 2016 Crystal Nordic achieved zero LTIF (Lost time injuries frequency).

Environment and climate

Crystal Nordic has formulated a Health, Safety and Environment (HSE) policy. The HSE policy covers all vessels and personnel in the technical departments involved with the vessels. The policy states that:

"Crystal Nordic is committed to conduct activities in a way, so that we ensure promotion of the safety and health of our employees both ashore and on board the vessels, and at the same time focus on conservation and protection of the environment."

The policy further includes working towards a "zero oil spill to sea" by coordination of efforts of those ashore and on board vessels plus working towards a long term goal of "zero accidents and incidents" by using KPI's to monitor performance. Generally, Crystal Nordic will comply with industry legislation that refers to health, safety and environment protection while focusing on global activities and ensuring continual environmental improvements through open dialogue with clients/customers. Their feedback will be used to revise existing procedures related to health, safety and environment issues.

Human resources and labor rights

There is no own policy for human resources and labor rights explicitly for Crystal Nordic. However, Crystal Nordic has set up KPI's that applies for both their technical managers (Nordic Tankers and Crystal Pool). Seafarers' retention rate is a solid indicator for their satisfaction with their general employment conditions. For Crystal Nordic, it was the goal to reach a retention rate among senior officers of at least 80%. Both technical managers achieved the goal, as the retention rate for senior officers employed by Nordic tankers was 84.4% (100% achievement) and by Crystal Pool it was 82% (100% achievement).

Goals for 2017 remain the same as for 2016.

Crystal Pool furthermore has a Crewing policy with a mission of providing safe and efficient maritime transportation services to their customers. The Crewing policy declares that Crystal Pool will strive through education, teamwork and information sharing to ensure all employees continuously improve the way in which they operate and work together.

The manual is in compliance with:

- The international Convention on Standards of Training, Certification and Watch keeping for Seafarers (STCW).
- The relevant Flag State requirements
- The relevant chapters of SOLAS Convention
- The ILO Convention 147, Merchant Shipping Minimum Standards, ILO and MLC 2006
- With other relevant ILO Conventions as ratified by the particular Flag State Administration
- With agreed Collective Bargaining Agreements (CBA)
- With relevant laws, Conventions, Codes or Standards as required by the Owner / Ship Management.

Working with tank vessels requires the highest degree of safe working conditions both at sea and ashore. To heighten safety awareness, Crystal Nordic aim to conduct crew seminars in all major sourcing areas in 2016. Crew seminars were successfully carried out in Europe and Asia (100% achievement). During crew seminars, ship and shore meet to discuss how to strengthen the ship-shore communication, share the company strategy with the seafarers and to get the seafarers' perspective on how to improve operation. This ensures an understanding of the seafarers' importance for the Company's continued business.

A joint crew seminar between Nordic Tankers and Crystal Pool seafarers is taking place in spring 2017 to strengthen the corporation between the seafarers even more.

It is the goal for 2017 that all senior officers participate in one seminar during a period of 24 months.

Human rights

Crystal Nordic has a policy on human rights in their Code of Conduct, which states that:

"Crystal Nordic shall conduct its business in compliance with all applicable laws and regulations in the places where it conducts its business. Furthermore, Crystal Nordic shall respect safety and environmental concerns and be responsive to the concerns of the wider society."

In addition, Crystal Nordic's General Purchasing Terms and Conditions has been adapted by both technical managers. The General Purchasing Terms and Conditions clearly specify demands for suppliers and their sub-contractors when it comes to human rights:

"The Supplier represents and warrants that when providing Goods and/or Services it complies with all applicable laws, including but not limited to any applicable anti-corruption laws such as the United States Foreign Corrupt Practices Act, UK Bribery Act, etc. as well as the Buyer's Anti-Corruption Program."

The Supplier represents and warrants that it is not in any way involved in or related to (be it directly, indirectly, or benefitting from) any form of slavery or forced labor, human trafficking or similar. Furthermore, the Supplier may not withhold any part of any personnel's salary, personal documents, property or benefits to force such personnel to continue working with the Supplier. The Supplier shall treat all personnel with dignity and respect and shall not tolerate mental or physical abuse or coercion of employees. Nor may the Supplier be engaged in or benefit from child labor."

Anti-corruption

Crystal Nordic has its own Anti-Corruption policy that covers all vessel officers and cadets on board Crystal Nordic vessels as well as office personnel. All seafarers and office personal must



Mission

"We build relations on trust and want you to excel"

Vision

"Together we will always be the better choice"

on a regular basis complete the Anti-Corruption e-learning program. The program is developed in cooperation with MACN and supplied by Nordic Tankers.

Anti-Money Laundry

Crystal Nordic implemented an Anti-Money Laundry Policy and Guidelines in 2017 that further explains the policy statement set out in the Company's Code of Conduct. The policy states that:

"Crystal Nordic will not participate in any form of money laundering, and no member of management or any employee may facilitate, support, directly or indirectly, any payment or transfer of money, which is likely to constitute money laundering."

The responsibility to avoid getting involved in any money laundering or dubious transaction applies to all employees and involves all departments and throughout the entire activity chain from the choice of customer or business partner all the way to the execution of payments. All employees have received a copy of the policy plus the training necessary to identify the warning signs of money laundering and financial crime.

Key developments in 2016

Crystal Nordic was established on 1 February 2016 and 2016 was the first financial year (11 months) of the Company.

Crystal Nordic was established as a 50%-50% joint venture by Nordic Tankers and Embarcadero Maritime (Borealis Maritime and KKR). Previously, each of the two shareholders operated their own fleet in a fragmented market from the supply side. The purpose of establishing Crystal Nordic was to form a strong player in the ice class chemical tanker trade in the Baltic and North-Western European market. In connection with this transaction, Crystal Nordic acquired from Nordic Tankers 6 stainless steel vessels and 2 minority shareholdings in 2 Norwegian limited partnerships, who owned two stainless steel vessels each. 4 vessels were acquired from Embarcadero Maritime. During the year, the Company chartered one vessel, bringing the total number of vessels in the fleet to 15. At the end of the year, the average age of the fleet was 13.4 years.

From inception, Crystal Nordic was capitalized with USD 71 million in equity equal to an equity ratio of 56% and obtained a new senior secured bank financing.

Crystal Nordic was operational from day one. Furthermore, synergies were unleashed very quickly, as customers took a positive stance on the broader services offerings of Crystal Nordic.

As per 1 February 2016, Crystal Nordic entered into a Service Level Agreement with Nordic Tankers for the management of administrative functions.

During the first half of the year, the Company experienced a positive business climate in Europe, which, combined with a higher utilization of the fleet, had a positive effect on revenues during

that period. This positive sentiment faded away in August and in the following months, TCE rates were below pre-summer levels.

As a consequence of the challenging market conditions in the last part of 2016, average Time-Charter Equivalent rates of the 11 fully controlled vessels on a yearly basis were slightly lower than anticipated.

Nevertheless, from an operational point of view, the Company had a well planned and executed start and Earnings Before Interest and Tax (EBIT) were in line with anticipations. This is quite satisfactorily for the first year of operations of the Company.

Outlook for 2017 and subsequent events

Crystal Nordic expects that market conditions will improve slightly in the first half of 2017 compared to 4th quarter 2016 and more noticeably in the second half of 2017. On that basis, TCE rates per day are expected to increase.

The Company aims to grow the number of owned and/or chartered vessels in selected strategic vessel types and to maintain an appropriate average age of the fleet.

For 2017, Crystal Nordic expects an improved result compared to 2016.

Risk Management

Being a regional player in the chemical tankers segment, Crystal Nordic is exposed to a variety of risks.

Management continuously monitors the potential risks considered to have the most significant effect on the Company's financial position and business performance. Management continuously evaluates any measures deemed relevant to limit the Company's sensitivity to such risks. 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 Company.

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

Financing the growth strategy (e.g. acquisition of core vessels) will be conducted by exploring financing possibilities from the banking sector as well as vendor financing.

Current loan agreement includes customary financial covenants, which have been met in the course of 2016 and are expected to be met in 2017.

In 2017, Crystal Nordic expects to have sufficient liquidity for meeting its payments obligations for conducting the normal course of its operations.

Interest rates

Crystal Nordic's gross interest bearing debt with variable interest amounted to USD 44 million as per 31 December 2016. This debt was denominated in USD and carried floating interest rate.

Foreign exchange risks

More than 70% of the revenues earned by Crystal Nordic are in EUR while expenses are a blend of USD (reporting currency), EUR and DKK. A weakening of the EUR vs the USD of 10% has a negative effect on profits of about USD 1.7 million.

Credit risk

For smaller customers and newer customers, it is customary practice to require freight to be paid before cargo release. For customers with whom Crystal Nordic has a long lasting relationship, freight is typically paid after cargo release. In 2016, Crystal Nordic did not suffer any losses from defaulting customers.

Price risks

Freight rates

Crystal Nordic's 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 coupled with changes in the supply and demand for the large variety of the products, which the Company carries.

Crystal Nordic 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, Crystal Nordic has historically maintained a relatively high percentage of contract business.

Bunkers

Bunker fuels constitute the major cost component affecting time charter equivalent (TCE) earnings and increasing prices can have a material impact on Crystal Nordic's results.

The Company is striving to reduce the impact of bunker price fluctuations by passing bunker fuel costs on to customers. Hence, in 2016 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.

For further information about risks and management hereof, please refer to note 15 in the consolidated financial statements.

Financial highlights of the Group in 2016 (11 months)

The Group reported a comprehensive income of USD -0.2 million for 2016, which is slightly below expectations upon establishment of the joint-venture.

Revenues, which is a combination of gross revenue from owned and chartered tonnage and management fees from vessels under management amounted to USD 57 million.

As per 31 December 2016, the Group's book equity amounted to USD 71 million.

TCE revenue

TCE revenue amounted to USD 37 million. Included in TCE revenue is USD 1 million of management fees earned on the commercial management of the 4 partly owned vessels of the fleet.

Operating Expenses and charter hire

Total operating expenses amounted to USD 20 million. Hereof, seafarer related expenses amounted to USD 11 million, while the remaining part related to maintenance and other operating expenses incurred in the operation of the owned fleet. Time charter hire expenses amounted to USD 2 million (one vessel on time-charter).

Depreciation and write-downs

Depreciation on the Group's owned vessels amounted to USD 9 million.

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 8 to the financial statements.

Assets, equity and liabilities

As per 31 December 2016, the Group's total assets amounted to USD 126 million. Non-current assets (predominantly vessels) was USD 110 million, while cash was USD 10 million.

The Group's equity amounted to USD 71 million. Total liabilities amounted to USD 56 million, mainly composed of interest bearing debt.

Cash flow

Cash flow for the year was USD 10 million being the cash balance at year-end, as the Group performed its first financial year.

Cash flow from operations was USD 10 million, of which paid financial expenses and taxes accounted for USD -1 million.

Cash flow from investing activities amounted to USD -2 million, which relates to dry docking of vessels.

Cash flow from financing activities amounted to USD 2 million, mainly impacted by shareholder contribution in connection with the establishment of the Group as well as bank debt raised. During the year, the Group paid USD 5 million in ordinary installments on its bank loan.

Consolidated financial statements

Statement of comprehensive income for the period 1 February - 31 December

Group

Note	Amounts in USD thousand	2016 (11M)
3	Revenue	57,406
	Voyage related expenses	-20,894
	Time charter equivalent revenue (TCE revenue)	36,512
	Operating expenses	-19,543
	Charter hire	-2,224
4,5	Administrative expenses	-3,404
	Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	11,341
6	Depreciation and amortisation	-8,931
	Operating result (EBIT)	2,410
	Share of profit from associated companies after tax	148
7	Financial income	239
7	Financial expenses	-3,010
	Result before tax	-213
8	Tax on result for the period	-35
	Result for the year	-248
	Other comprehensive income	-
	Comprehensive income	-248

Notes form an integral part of these consolidated financial statements

Balance Sheet – Assets as of 31 December

		Group
	Note Amounts in USD thousand	2016
6	Vessels and docking	104,606
6	Prepayment on vessels and dockings	88
	Tangible assets	104,694
	Investment in associated companies	3,168
15	Other financial assets	2,377
	Financial assets	5,545
	Total non-current assets	110,239
	Current assets	
	Inventories	967
9,15	Trade receivables	4,286
10,15	Other receivables	942
	Total receivables	5,228
15	Cash & cash equivalents	9,834
	Total current assets	16,029
	Total assets	126,268

Notes form an integral part of these consolidated financial statements

Balance Sheet – Equity and liabilities as of 31 December

	Group
Note Amounts in USD thousand	2016
Share capital	73
Retained earnings and contributed equity	69,096
Equity	70,558
Total equity	70,558
Liabilities	
11 Finance loans	42,519
Non-current liabilities	42,519
11 Finance loans	7,007
12,15 Trade payables	5,664
Corporation tax	35
13,15 Other liabilities	484
Total current liabilities	13,191
Total liabilities	55,710
Liabilities and equity	126,268
14 Contingent liabilities, contractual obligations and operating lease income	
16 Related party transactions	
17 Entities in the Crystal Nordic Group	
18 Subsequent events	

Notes form an integral part of these consolidated financial statements

Statement of cash flow

	Group
Amounts in USD thousand	2016 (11M)
Operating result (EBIT)	2,410
Depreciation and amortisation	8,931
Adjustment for other non-cash items	82
Changes in inventories	-967
Changes in receivables	-5,228
Changes in liabilities	6,149
Paid financial expenses	-1,357
Paid taxes during the year	-
Cash flow from operating activities	10,021
Investments in tangible assets	-2,150
Cash flow for investment activities	-2,150
Repayment of finance loans	-5,255
Financing raised	6,271
Capital increase	1,462
Cash flow from financing activities	2,478
Cash flow of the year	10,349
Cash as of 1 February	-
Cash flow for the year	10,349
Currency adjustments of cash & banks	-516
Cash end of period	9,834

Notes form an integral part of these consolidated financial statements

Statement of changes in equity - Group

Amounts in USD thousand	Share capital	Retained earnings etc.	Total equity
Shareholders' equity as of 1 February 2016	-	-	-
Result for the year	-	-248	-248
Other comprehensive income	-	-	-
Total comprehensive income	-	-248	-248
Contributed capital 14-01-2016	73	-	73
Capital increase	1,389	69,344	70,733
Transactions with owners	1,462	69,344	70,806
Shareholders' equity as of 31 December 2016	1,462	69,096	70,558

Notes

1. Significant accounting estimates and judgments

In connection with the preparation of the financial statements, management applies estimates and assumptions. Such estimates and assumptions are based on the most recent information available at the time of preparing the financial statements.

The most significant estimates relates to:

- Measurement of tangible assets
- Depreciation periods

The estimates and assumptions are based on premises that management find reasonable, but which are uncertain or unpredictable. It may be necessary to change previous estimates as a result of future changes in the assumptions, new information, further experience or subsequent events.

Measurement of tangible assets

The Group evaluates the carrying amount of vessels and other net assets to determine whether events have occurred that would require an adjustment to the recognized value of the net assets. The impairment tests are based on discounted future cash flow models, which are 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.

Price indications from brokers indicate that the market value of the fleet is similar to the carrying value. However, there are very few unforced transactions in the market of similar size tonnage and the uncertainty of the market value is significant. The net present value of expected future cash flows from the operation of the vessels exceed the carrying values and on this basis we have not made any adjustment of the carrying values apart from the normal yearly depreciation. The carrying amount of vessels as of 31 December 2016 amounted to USD 105 million.

Depreciation periods

Depreciation on vessels is material for the Group. Vessels are depreciated over their useful life, which management estimates to be 25 years from delivery, to a residual value. The estimates of useful life and residual values are reassessed regularly based on available information. Changes to estimates of useful lives and residual values may affect the annual depreciation expenses.

2. Accounting policies

Basis of preparation

The Consolidated financial statements of Crystal Nordic A/S, has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Luxembourgish disclosure requirements for annual reports.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in USD which is the Group's presentation and functional currency.

The accounting policies applied by Crystal Nordic including presentation are unchanged compared to last year.

Presentation and implementation of new accounting standards and interpretations

Crystal Nordic has adopted all new, amended standards, revised accounting standards and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 1 February 2016 - 31 December 2016.

With effect from 1 February 2016, Annual improvements to IFRS 2011-2013 cycle with relevance for Crystal Nordic A/S were implemented.

Crystal Nordic has implemented these standards, which had no material impact on the financial statements for the current or future years. The activities of vessels operating in pools are treated as joint operations. Earnings are recognised gross in the income statement compared to previously net on a time charter-equivalent basis. This change in revenue recognition had no impact on the Statement of Financial Position for the Company and the Group.

Most recently adopted accounting standards (IFRS) and interpretations (IFRIC).

The IASB has issued a number of new or amended standards and interpretations with effective date after 31 December 2016. Crystal Nordic is yet to assess the impact of IFRS 15, "Revenue from customer contracts" which is effective from 1 January 2018. IFRS 16, "Leases" which is effective from 1 January 2019, does not have a significant effect on Crystal Nordic at current state, since no vessel obligations are exceeding 1 January 2019. It is not expected that other standards or interpretations will have a significant impact on the financial statements.

Crystal Nordic expects to implement the new standards and interpretations when they become mandatory.

Recognition and measurement

Income is recognised in the income statement when generated. Assets and liabilities are recognised in the balance sheet when it is probable that any future economic benefit will flow to or from the Company and the value can be reliably measured. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each item.

Consolidated financial statements

The consolidated financial statements include Crystal Nordic 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

Basis of consolidation

The consolidated financial statements have been prepared on the basis of the accounts of Crystal Nordic A/S and its subsidiaries. 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 recognised in full in the consolidated financial statements. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Company.

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 enterprise 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 recognised 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.

Non-monetary items that are revalued at fair value are translated using the rate of exchange at the date of the revaluation. Upon recognition in the consolidated financial statements of enterprises with functional currencies other than USD, the income statements are translated at the average exchange rates for the respective months. Balance sheet items are translated using the exchange rates ruling at the balance sheet date. Exchange differences arising from translation of balance sheet items at the beginning of the year at the rates of exchange at the balance sheet date and from translation of income statements from average rates of exchange to the rates of exchange at the balance sheet date are recognised as other comprehensive income. Correspondingly, exchange differences arising from changes made directly in the equity of these enterprises are also recognised as other comprehensive income.

Statement of comprehensive income

Revenue

Income, including revenue, is recognised in the income statement when:

- The income creating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably

- It is probable that the economic benefits associated with the transaction will flow to the Group
- Costs relating to the transaction can be measured reliably

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

Voyage related expenses

These are expenses related to Crystal Nordics own vessels which are not on time charter. Voyage related expenses consist mainly of bunkers, port expenses and commissions. Voyage related expenses are recognised as incurred.

Operating expenses

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

Charter hire

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

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 recognised as incurred.

Depreciation

Depreciation on fixed assets pertains mainly to vessels and dry-dockings (see 'Property, plant and equipment, vessels and dockings' for the description of depreciation principles). Write downs are made when impairment tests shows that the value of fixed assets is impaired.

Financial income and expenses, net

Financial income and expenses include interest income and interest expenses, realised and unrealised exchange gains and losses on payables and transactions in foreign currencies, finance loans amortization premium/allowance as well as additions and allowances under the on account 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 is used to discount expected future payments related to the financial asset or the financial liability in order for the present value of such asset or liability to match its carrying amount.

Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of the financial position in the countries where the group operates. The Parent company is subject to taxation rules and regulations in Luxembourg. The Company's Danish subsidiaries are jointly taxed, according to the Danish Tonnage Tax Act for shipping activities and according to general tax legislation for other activities and net financial income. Corporate income tax payable by foreign entities is provided for in accordance with local legislation. Deferred tax assets are recognised to the extent that it is probable that they can be utilised against future taxable income.

Statement of financial position

Property, plant and equipment, vessels and dockings

Property, plant and equipment includes vessels, upgrade costs, dockings and office and IT equipment, and 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 charged 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 Crystal Nordic 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 recognised as instalments paid.

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

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 recognising 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 Crystal Nordic 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 less expected costs to sell. Impairment losses are recognised in the statement of comprehensive income. If an impairment loss subsequently is reversed as a result of changes in 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 recognised for the asset or cash-generating unit.

Investments in associates

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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate 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. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. 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 less 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 of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate 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 "Profit/(loss) from investments" in the statement of profit/loss 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 amortised cost, which usually equals the nominal value less provisions for bad debts. Write down is assessed individually using a provisions account.

Inventories

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

Receivables

Receivables comprise trade receivable and other receivables. Receivables are classified as receivables that are financial assets, with fixed or determinable payments, that are not quoted in an active market and which are not derivative financial instruments. Receivables are initially measured at fair value and subsequently at amortised cost, which usually equals the nominal value less provisions for bad debts. Write down is assessed individually using a provisions 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.

Dividend

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

Provisions

Provisions are recognised 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 (finance loans)

At the time of borrowing, mortgage debt and bank loans are measured at fair value less transaction costs. Mortgage debt and bank loans are subsequently measured at amortized cost. This means that the difference between the proceeds at the time of borrowing and the nominal amount of the loan is recognized in the income statement as a financial expense over the term of the loan by applying the effective interest method.

Other financial liabilities

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

Cash flow statement

The consolidated and parent company 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 recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised 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 recognised 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.

Group

Amounts in USD thousand 2016 (11M)

3 Revenue

Freight revenue	54,114
Other voyage related revenue	2,511
Commercial management services	781
Total Revenue	57,406

Group

Amounts in USD thousand 2016 (11M)

4 Staff costs

Wages and salaries	1,175
Contribution based pension	105
Other social security expenses	1
Other staff expenses	59
Total staff costs	1,340

CEO and key management personnel:*)

Salaries	524
Contribution based pension	21
Total remuneration	545

* Including key personnel provided through Service Level Agreement and services provided under the Advisory Service Agreement

Group 2016

Number at
year end

Board of Directors and key management personnel

Board of Directors	4
CEO and key management	1

Average numbers of employees

Average
number of
FTE's

2016

Total number of employees	11
----------------------------------	-----------

Average number of employees excludes the number of seafarers.

Group

 Amounts in USD thousand 2016 (11M)

5 Fees to the statutory auditor

Statutory audit	-24
Tax advices	-15
Total fees	-39

Group

Amounts in USD thousand	Vessels and dockings	Prepayment on vessels and dockings under construction	Property and plant	Total
6 Tangible assets – Group 2016				
Costs as of 1 February	-	-	-	-
Additions during the year	111,475	2,150	-	113,625
Transfer to vessel and docking	2,062	-2,062	-	-
Cost as of 31 December	113,537	88	-	113,625
Depreciation and write-down as of 1 February	-	-	-	-
Depreciation during the year	-8,931	-	-	-8,931
Depreciation and write-down as of 31 December	-8,931	-	-	-8,931
Book value as of 31 December	104,606	88	-	104,694

The carrying amount of vessels pledged as security for finance loans in the Group amounts to USD 60 million.

Group

 Amounts in USD thousand 2016 (11M)

6 Depreciation and amortisation

Depreciation - tangible assets	-8,931
Total depreciation and amortisation	-8,931

Impairment test

According to the accounting policy a write-down is made to the higher of an estimated sales price less cost to sell or calculated net present value in use. The estimated sales price is based on indicative broker valuations.

The value in use calculation is based upon 5 years projections (including the budget for 2017 and 5 years plan) as approved by management. A very important assumption for the value in use calculation is expected development for the TCE rates. Crystal Nordic expects the TCE rates to increase on average for the 5 year period with 8.4% per year. After the end of the 5 years projection period TCE rates, operating and administrative costs are expected to increase with 1.5% over the remaining vessels respective economic life. Discount rate

applied after tax is 8.2%. The calculated value in use amounts to USD 168 million compared with the carrying amount of tested assets of USD 108 million.

There is no need for impairment as the value in use is higher than the carrying amount of the tested vessels.

The sensitivity analysis for Crystal Nordic indicates the following adverse consequences:

- If the average annual growth in TCE rates in the period 2017-2021 (CAGR) were to be reduced by 3.0 percentage point this would reduce value in use by USD 10.3 million.
- If the discount rate after tax were to be increased by 1.0 percentage point to 9.2% this would reduce value in use by USD 8.9 million.

Please refer to note 1 for further information.

	Group
Amounts in USD thousand	2016 (11M)
7 Financial items	
Financial income	
Other financial income	239
Total financial income	239
Financial expenses	
Interest on finance loans	-1,652
Interest to related companies	-232
Exchange rate adjustments	-756
Other financial expenses	-370
Total financial expenses	-3,010
Total net financials	-2,771

Group

Amounts in USD thousand 2016 (11M)

8 Tax for the year

Current tax expense	35
Tax for the year recognised in the income statement	35

Tax on income for the year is explained as follows:

Income before company tax	-213
Of which subject to tonnage taxation or other schemes	2,467
Adjusted income	-2,680
Calculated tax (22,0%)	-590
Tonnage tax	24
Adjustment for non deductible expenses	601
	35

No current tax has been recognised in other comprehensive income.

The Group opted for the tonnage tax scheme with effect from the latest 10-year binding period commenced 1 February 2016. The company did not own any vessels on entry into the tonnage tax scheme; consequently, the company has no deferred taxes from the transitional period.

No deferred tax assets or liabilities are recognised 31 December 2016. The tax asset of non-recognised tax losses and tax credits carried forward, with certain limitations in subsidiaries and time, amounts to USD 0 million.

Group

Amounts in USD thousand 2016

9 Trade receivables

Receivables from freight	4,286
Total trade receivables	4,286

The carrying amount corresponds to the fair value of the receivables.

Group

Amounts in USD thousand

2016

10 Other receivables

Deposits	150
Prepayments	517
Other receivables	275
Total other receivables	942

The carrying amount of receivables relating to deposit to pool activity, and prepayments/activity from core business.

The carrying amount corresponds to the fair value of the receivables.

Group

Amounts in USD thousands

2016

11 Finance loans

Non-current liabilities	42,519
Current liabilities	7,007
	49,526

At 31 December, the group had the following loans and credits:

Currency	Fixed/ floating	2016
USD	floating	44,294
USD	fixed	5,232
		49,526
Due within one year		7,007
Due between 1-2 years		7,607
Due between 2-3 years		6,332
Due between 3-4 years		5,840
Due between 4-5 years		22,741
Due after 5 years		-
		49,526

The fair value of the group's finance loans in USD with floating interest rate approximates to the carrying amount.

Amounts of future maturities do not include interest payments. Please refer to note 15 for disclosure of maturities including interests.

On 1 February 2016, the group raised a senior secured bank loan of USD 50.0 million and a shareholder loan of USD 5.0 million.

The senior secured loan agreement includes minimum requirements (financial covenants) for liquidity and key financial ratios. The covenants were met throughout 2016. During the year, USD 5.3 million in ordinary instalments were paid.

Group	
Amounts in USD thousand	2016
12 Trade payables	
Suppliers of goods and services	5,664
Total trade payables	5,664

The carrying amount corresponds to the fair value of the payables.

Group	
Amounts in USD thousand	2016
13 Other liabilities	
Accrued interests	295
Accrued staff cost	189
Total other liabilities	484

The carrying amount of liabilities relating to tax, social security contributions, holiday pay and expenses payable etc. correspond to the fair value of the liabilities.

Amounts in USD thousand

2016

14 Contingent liabilities, contractual obligations

The Company has taken on bareboat and time charter contracts falling due between 1 and 6 years.

Operational leasing

- Due during the next year

679

Collaborative agreements

The company has contractual obligations with Nordic Tankers and Borealis Maritime

- Due during the next year

1,059

Pledges and securities

As security for bank debt of USD 44 million the Group has deposited mortgage, mortgage deed and letter of indemnity for total value of USD 60 million secured with pledge in vessels, included in the balance sheet with USD 88 million. The Group has pledged the shares in subsidiaries as security for bank debt.

Amounts in USD thousand

2016

Pledges and securities

Pledges in vessels

60,000

Lawsuits

Management is not aware of any lawsuits or arbitration cases which could have significant influence on the Group's financial position or result.

15 Financial risks and financial instruments

Foreign exchange, interest rate and credit risks and application of financial instruments

Policy for managing financial risks

Due to its operations, investments and financing, the group is exposed to fluctuations in foreign exchange rates and the level of interest, liquidity and price risk. The parent company monitors and manages the group's financial risks centrally and coordinates the group's liquidity management, including funding and investment of excess liquidity. The group pursues a finance policy which operates with a low risk profile, ensuring the foreign exchange, interest and credit risks arise only on the basis of commercial factors. For further information on accounting policies and methods, including recognition criteria and basis of measurement, see the section on accounting policies in note 1 and risk management sections p. 7-8.

Currency risks

The group's foreign enterprises are sensitive to exchange rate fluctuations as freight and voyage related costs are in majority denominated in EUR, whereas vessels operating expenses are in EUR and USD, staff costs and administrative expenses are primarily denominated in DKK and EUR. A depreciation of the EUR and DKK versus the USD would have a negative effect on profit for the year and equity of approx. USD 0.2 million for each percentage change. Conversely, a strengthening of the EUR and DKK versus the USD would have a positive effect of same magnitude.

Bunkers price risks

To reduce the impact of bunker price fluctuations bunker fuel costs are passed on to customers. Hence, in 2016 approximately 52% 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 and equity from sensitivity towards changes in bunkers prices for the group is approx. USD 0.04 million with a 10% price change based on an year end bunker stock at USD 1 million.

Classification of financial instruments

Amounts in USD thousand	2016
Other financial assets	2,377
Trade receivables	4,286
Other receivables	942
Cash	9,834
Loans, receivables and cash	17,439
Finance loans	49,526
Trade payables	5,664
Accrued interests	295
Accrued staff cost	189
Financial liabilities measured at amortised cost	55,674

15 Credit risks

It is Group policy only to grant credit to oil majors 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 oil majors in the chemical tanker segment. 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 Crystal Nordic has a long lasting relationship, freight is typically paid after cargo release. The Group monitors the credit worthiness of its customer portfolio out of the above mentioned database. In 2016, Crystal Nordic did not suffer any losses from defaulting customers.

2016	Within 1 year USD 1000	Between 1-5 years USD 1000	After 5 years USD 1000	Total
Non-derivative financial assets				
Other financial assets	2,377	-	-	2,377
Trade receivables	4,286	-	-	4,286
Other receivables	942	-	-	942
Total	7,605	-	-	7,605

	2016
Maturity analysis of trade receivables not written down	
Not due	2,326
1-90 days overdue	1,828
90 days and above overdue	132
Total	4,286

15 Financial risks and financial instruments

Liquidity risks

The group aims at having sufficient cash resources in order to cope with unforeseen fluctuations in cash outflows and, hence, ensure the timely payment of its payment obligations towards third parties. In order to monitor liquidity, the group prepares 12-month cash forecasts for its different entities. These cash forecasts are made following two scenarios: a base case scenario which is based on latest forecasts assumptions and a low case, whereby revenues are assumed 10% lower than in the base case.

The main cause of fluctuation relates to working capital and in particular to the collection of freights (timely payment by costumers). In 2016, the Group conducted a working capital improvement project which has led to a significant reduction in overdue freights. These are monitored on a daily basis.

Cash resources are monitored on a daily basis. The Group's cash resources consist of cash.

Capital management risks

The Company 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 2016, the Company's equity ratio was 56%.

Compliance with loan agreement terms

The group has not neglected or breached any loan agreement terms in the financial year or the comparative year.

Amounts in USD thousands	2016
Cash resources consist of the following:	
Cash	9,834
	9,834

Maturities of financial liabilities are specified in the notes. Group cash resources consist of cash reserves. Maturities of financial liabilities are specified below, divided into the time intervals used in the group's liquidity management. The specified amounts represent the amounts falling due, including future interest, calculated at the interest rate ruling at the balance sheet date.

2016	Book value	Within 1	Between 1-5	After 5	Total
		year	years	years	
		USD 1000	USD 1000	USD 1000	
Non-derivative financial liabilities					
Finance loans, fixed	5,232	262	6,017	-	6,279
Finance loans, floating	44,294	8,484	40,168	-	48,652
Trade payables	5,664	5,664	-	-	5,664
Other liabilities	484	484	-	-	484
	55,675	14,895	46,185	-	61,080

Interest rate risks

It is group policy to hedge interest rate risks on the group's borrowings when the management assesses that interest payments may be hedged at a satisfactory level compared with the associated costs. Hedging is generally accomplished using interest rate swaps, under which floating-rate loans are converted to fixed-rate loans. At 31 December 2016, there was no interest rate hedging outstanding.

The Group's bank deposits are held in call accounts and carry a floating rate of interest. Interest rate fluctuations affect the group's finance loans. A one percentage point increase in interest rates compared with the realized interest level would have had an adverse impact of USD 0.5 million on profit for the year and equity. A corresponding decrease in interest rates would have had a positive impact of USD 0.5 million on profit for the year and equity.

Date of interest fixing/maturity

2016	Within 1	Between 2-5	After 5	Total
	year	years	years	
	USD 1000	USD 1000	USD 1000	
Cash and cash equivalents	9,834	-	-	9,834
Finance loans, fixed	-	-5,232	-	-5,232
Finance loans, floating	-44,294	-	-	-44,294
	-34,460	-5,232	-	-39,692

The group's interest-bearing financial assets and liabilities expose them to interest rate risks. In respect of the group's financial assets and liabilities, the contractual dates of interest fixing and maturity, whichever is earlier, are listed above.

Amounts in USD thousand

2016 (11M)

Board of Directors and Executive Board

The related parties comprise the Executive Board, members of the Board of Directors, as well as their close family members and companies controlled or joint controlled by them.

Related parties with a significant interest

The Group is controlled by Nordic Tankers LuxCo S.C.A. and Embarcadero Maritime LLC which each owns 50% of the shares in Crystal Nordic Holding S.à r.l. Crystal Nordic Holding S.à r.l. has a 100% ownership in the Crystal Nordic A/S Group.

On 1 February 2016, Nordic Tankers and Embarcadero Maritime LLC established Crystal Nordic A/S, a 50/50 owned joint venture. The company took over the respective ice classed stainless chemical tankers businesses from its owners, which operated in Western and Northern Europe under the Nordic Tankers and Crystal Pool trade names. The Crystal Nordic fleet is composed of 15 vessels, of which 10 were contributed by Nordic Tankers (6 wholly owned vessels and 4 partly owned vessels), 4 vessels were contributed by Embarcadero Maritime LLC and 1 vessel is on time charter in.

The Group has engaged in transactions with Nordic Tankers LuxCo S.C.A. and Embarcadero Maritime LLC as follows:

• Administrative services (expense)	938
• Technical management services (expense)	1,100
• Shareholder loan payable to Crystal Nordic Holding S.à r.l.	5,232
• Vessels acquired from Nordic Tankers LuxCo S.C.A. and its subsidiaries	59,350
• Vessels acquired from Embarcadero Maritime LLC and subsidiaries	52,125
• Financial assets acquired from Nordic Tankers LuxCo S.C.A. and its subsidiaries	5,559

No further transactions have been recorded with any other companies in the Triton Group or the KKR Group.

Associated companies

The Group has engaged in transactions with BKR Tankers KS and BKR Carriers KS as follows:

• Commercial management services (income)	781
• Loans granted to associated companies	2,377
• Interest income from associated companies	236

Shareholder loan from Crystal Nordic Holding S.à r.l.

The loan terminates in 2021 with an yearly interest rate of 5%.

Ownership

The Group is owned by Crystal Nordic Holding S.à r.l. (ultimate controlling parties: Triton Fund III and KKR).

17 Entities in the Crystal Nordic Group

	Domicile	Company registration number	Ownership %	Voting right %
Subsidiaries of Crystal Nordic A/S				
Crystal Nordic Shipowning Partner Aps	Denmark	37369675	100	100
Crystal Nordic Shipowning K/S	Denmark	37371548	100	100
Associated companies				
BKR Carriers K/S	Norway	988581089	46.5	46.5
BKR Tankers K/S	Norway	987840412	45	45

18 Subsequent events

No material subsequent events have occurred.

Parent company financial statements

Statement of comprehensive income for the period 1 February - 31 December

		Parent
Note	Amounts in USD thousand	2016 (11M)
3	Revenue	7,093
	Voyage related expenses	-1,176
	Time charter equivalent revenue (TCE revenue)	5,917
	Charter hire	-2,146
4,5	Administrative expenses	-3,053
	Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	718
	Operating result (EBIT)	718
	Share of profit from subsidiaries after tax	-637
	Share of profit from associated companies after tax	148
6	Financial income	239
6	Financial expenses	-682
	Result before tax	-214
7	Tax on result for the period	-34
	Result	-248

Statement of other comprehensive income

	Result	-248
	Other comprehensive income	-
	Comprehensive income	-248

Notes form an integral part of these financial statements.

Balance Sheet – Assets as of 31 December

	Parent
Note Amounts in USD thousand	2016
Non-current assets	
8 Investment in subsidiaries	67,721
8 Investment in associated companies	3,168
Loans to subsidiaries	2,377
Financial assets	73,266
Total non-current assets	73,266
Current assets	
Inventories	54
Trade receivables	304
Other receivables	345
Total receivables	649
Cash & cash equivalents	2,484
Total current assets	3,187
Total assets	76,453

Notes form an integral part of these financial statements.

Balance Sheet – Equity and liabilities as of 31 December

	Parent
Note Amounts in USD thousand	2016
Share capital	1,462
Retained earnings and contributed equity	69,095
Total Equity	70,558
Liabilities	
Non-current liabilities	
Debt to group enterprises	5,232
Total non-current liabilities	5,232
Current liabilities	
Trade payables	185
9 Other liabilities	478
Total current liabilities	663
Total liabilities	5,895
Liabilities and equity	76,453

- 10 Contingent liabilities
- 11 Related parties
- 12 Financial risks

Notes form an integral part of these financial statements.

Statement of cash flow

	Parent
Amounts in USD thousand	2016
Operating result (EBIT)	718
Adjustment for other non-cash items	478
Changes in inventories	-54
Changes in receivables	-649
Changes in liabilities	663
Cash flow from operating activities	1,156
Cash flow for investment activities	-
Capital increase	1,462
Cash flow from financing activities	1,462
Cash flow of the year	2,618
Cash as of 1 February	-
Cash flow of the year	2,618
Currency adjustments of cash & banks	-135
Cash end of period	2,484

Notes form an integral part of these financial statements.

Statement of changes in equity

Amounts in USD thousand	Share capital	Retained earnings	Total Equity
Shareholders' equity as of 1 February 2016	-	-	-
Result for the year	-	-248	-248
Other comprehensive income	-	-	-
Total comprehensive income	-	-248	-248
Contributed capital 14-01-2016	73	-	73
Capital increase	1,389	69,344	70,733
Transactions with owners	1,462	69,344	70,806
Shareholders' equity as of 31 December 2016	1,462	69,096	70,558

Notes to the parent company financial statements

1. Significant accounting estimates and judgments

The accounting estimates and judgments are described in further detail in note 1 of the Groups' consolidated financial statements.

2. Accounting policy

The annual report for 2016 for Crystal Nordic A/S has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports as stated by the Danish Financial Statements Act (Årsregnskabsloven).

The accounting policies are consistent with the accounting policies for the Crystal Nordic A/S Group (note 2 of the Group's financial statement).

	Parent
Amounts in USD thousand	2016 (11M)
3 Revenue	
Freight revenue	3,441
Other voyage related revenue	2,872
Commercial management services	780
Total Revenue	7,092

	Parent
Amounts in USD thousand	2016 (11M)
4 Staff costs	
Wages and salaries	1,175
Contribution based pension	105
Other social security expenses	1
Other staff expenses	59
Total staff costs	1,340
Average numbers of employees converted to full-time	11

Remuneration to the CEO is included in note 4 for the Group

	Parent
Amounts in USD thousand	2016 (11M)
5 Fees to the statutory auditor*	
Statutory audit	4
Total fees	4

* Deloitte

 Amounts in USD thousand 2016 (11M)

6 Financial income

Interest income from banks and deposit contracts	239
Total financial income	239

Financial expenses

Interest expenses to related companies	-232
Other interest expenses	-197
Expenses from exchange rate adjustments	-245
Other financial expenses	-7
Total financial expenses	-682

Total net financials	-443
-----------------------------	-------------

 Amounts in USD thousand 2016 (11M)

7 Tax for the year

Current tax expense	34
Adjustment of tax for previous years	-
Tax for the year recognised in the income statement	34

Tax on income for the year is explained as follows:

Income before company tax	-214
Of which subject to tonnage taxation or other schemes	-372
Adjusted income	158
Calculated tax (22,0%)	35

Tonnage tax	24
Adjustment for non deductible expenses	9
Adjustment for non taxable income	-33
Adjustment due to joint taxation scheme	-1
	34

No current of deferred tax has been recognised in other comprehensive income.

No deferred tax assets or liabilities are recognised 31 December 2016. The tax asset of non-recognised tax losses and tax credits carried forward, amounts to USD 0 million.

There are no unrecognised tax liabilities associated with investments in foreign subsidiaries and joint ventures.

Amounts in USD thousand

2016

8 Investments in subsidiaries and associated companies**Subsidiaries**

Balance at beginning of year	-
Acquisitions	68,358
Result from subsidiaries recognized at equity value	-637
Subsidiaries at 31 December	67,721

Associated companies

Balance at beginning of year	-
Acquisitions	3,020
Result from associated recognized at equity value	148
Associated companies at 31 December	3,168

Subsidiaries and associated companies at 31 December	70,889
---	---------------

Amounts in USD thousand

2016

9 Other liabilities

Payables to subsidiaries	-
Other payables	478
Total other liabilities	478

The carrying amount of payables correspond to the fair value of the liabilities.

10 Contingent liabilities**Lawsuits**

Management is not aware of any lawsuits or arbitration cases which could have significant influence on the Company's financial position or result.

Amounts in USD thousand

2016

11 Related party transactions**Board of Directors and Executive Board**

The related parties comprise the Executive Board, members of the Board of Directors, as well as their close family members and companies controlled or joint controlled by them.

Related parties with a significant interest

The Company is controlled by Nordic Tankers LuxCo S.C.A. (ultimately controlled by Triton Fund III) and Embarcadero Maritime LLC (ultimately controlled by KKR) which each owns 50% of the shares in Crystal Nordic Holding S.à r.l. Crystal Nordic Holding S.à r.l. has a 100% ownership in Crystal Nordic A/S.

The Company has engaged in transactions with Nordic Tankers LuxCo S.C.A. and Embarcadero Maritime LLC as follows:

• Administrative services (expense)	938
• Tech Management fee (expense)	1,100
• Shareholder loan payable to Crystal Nordic Holding S.à r.l.	5,232
• Financial assets acquired from Nordic Tankers LuxCo S.C.A. and its subsidiaries	5,559

No further transactions have been recorded with any other companies in the Triton Group or the KKR Group.

Subsidiaries

The Company has engaged in transactions with its subsidiaries as follows:

• Commercial management services (income)	2,760
---	-------

Associated companies

The Company has engaged in transactions with its associated companies as follows:

• Commercial management services (income)	781
• Loans granted to associated companies	2,377
• Interest income from associated companies	236

Please refer to note 17 of the Group's consolidated financial statements for a list of subsidiaries and associated companies.

12 Financial risks

Foreign exchange, interest rate and credit risks and application of financial instruments

Policy for managing financial risks, currency risks and interest rate risks

Please refer to note 15 in the Groups consolidated financial statements.

Classification of financial instruments

Amounts in USD thousand	2016
Loans to subsidiaries	2,377
Trade receivables	304
Other receivables	345
Cash	2,484
Loans, receivables and cash	5,510
Finance loans	-
Trade payables	185
Other payables	478
Financial liabilities measured at amortised cost	663

Credit risks

Please refer to note 15 in the Group's consolidated financial statements. Trade receivables and other receivables are minor and are not considered to post any significant risks.

2016	Within 1 year USD 1000	Between 1-5 years USD 1000	After 5 years USD 1000	Total
Non-derivative financial assets				
Loans to subsidiaries	-	2,377	-	2,377
Trade receivables	304	-	-	304
Other receivables	345	-	-	345
Total	649	2,377	-	3,026

Board of directors and CEO declaration and signatures

The board of directors declare that the consolidated annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and gives a true and fair view of the Group's financial position and result, and that the management report gives a true and fair overview of the development in the Group's activities, financial position and result and describes the significant risks and uncertainties facing the Group companies.


Copenhagen, 21/03 2017




Jan Eghøj
CEO



Per Sylvester Jensen
Chairman



Frederik Rye-Florentz
Board member



Christoph Egon Ludolf Toepfer
Board member



Henriette Schütze
Board member

Independent auditor's report

To the shareholders of Crystal Nordic A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Crystal Nordic A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent 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.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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.

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 and parent 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, 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 the 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.

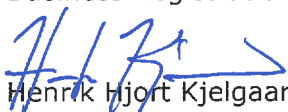
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 21.03.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56



Henrik Hjort Kjelgaard

State-Authorised

Public Accountant

Definitions and glossary

Net interest-bearing debt:

Sum of finance loans less cash and cash equivalents. Invested capital is defined as net working capital (NWC) plus property, plant and equipment and intangibles and less other provisions and other non-current operating liabilities. The equity ratio is defined as equity divided by total assets. Net working capital (NWC) is defined as inventories, receivables and other current operating assets less trade payables and other liabilities other than provisions as well as other current operating liabilities.

Company information

Crystal Nordic A/S

Tuborg Havnevej 15

2900 Hellerup

Registration no. 37369306

www.crystalnordic.com/

Group structure

Please refer to note 17.

Management and Board

BOARD OF DIRECTORS - Crystal Nordic A/S

- Per Sylvester Jensen (Chairman)
Board member since February 2016
- Christoph Egon Ludolf Toepfer
Board member since February 2016
- Frederik Rye-Florentz
Board member since February 2016
- Henriette Schütze
Board member since February 2016

KEY MANAGEMENT PERSONEL

- Jan Eghøj – Chief Executive Officer
Employed February 2016