

Crystal Nordic A/S

Galoche Allé 15



4600 Køge

Business Registration No 37369306

Annual report 2018

The Annual General Meeting adopted the annual report on 05.04.2019

Chairman of the General Meeting

Name: Bent Kemplar

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Entity details

Entity

Crystal Nordic A/S

Galoche Allé 15

4600 Køge

Central Business Registration No (CVR): 37369306

Registered in: Køge

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Bent Kemplar, Chairman

Wilfried Fuhrmann

Jan Hammer

Jan Eghøj

Executive Board

Jan Eghøj, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postbox 1600

0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Crystal Nordic A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Køge, 28.03.2019

Executive Board


Jan Eghøj
CEO

Board of Directors


Bent Kemplar
Chairman

AK


Wilfried Fuhrmann


Jan Hammer


Jan Eghøj

Independent auditor's report

To the owner of Crystal Nordic A/S

Opinion

We have audited the financial statements of Crystal Nordic A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 28.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556



Henrik Hjort Kjelgaard

State Authorised Public Accountant

Identification No (MNE) mne29484



Bjarne Iver Jørgensen

State Authorised Public Accountant

Identification No (MNE) mne35659

Management commentary

Primary activities

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

Development in activities and finances

The Company's result for the year 2018 is EUR 2.5 million and the equity as of 31 December 2018 amounts to EUR 26.9 million.

Income statement for 2018

	Notes	2018 EUR '0000	2017 EUR '0000
Revenue		3	4,311
Other operating income		2,705	3,477
Cost of sales		(78)	(4,129)
External expenses		<u>(1,495)</u>	<u>(1,293)</u>
Gross profit/loss		1,135	2,366
Staff costs	1	<u>(954)</u>	<u>(1,307)</u>
Operating profit/loss		181	1,059
Income from investments in group companies		2,067	(1,419)
Income from investments in associates		48	227
Financial income		338	919
Financial expenses	2	<u>(69)</u>	<u>(492)</u>
Profit/loss before tax		2,565	294
Tax on the profit/loss for the year	3	<u>(93)</u>	<u>(58)</u>
Profit/loss for the year	4	<u>2,472</u>	<u>236</u>

Balance sheet at 31.12.2018

	Notes	2018 EUR '0000	2017 EUR '0000
Investments in group enterprises		23,300	55,131
Receivables from group enterprises		-	2,518
Investments in associates		-	2,856
Financial fixed assets		23,300	60,505
Fixed assets		23,300	60,505
Raw materials and consumables		-	53
Inventories		-	53
Trade receivables		2,126	617
Receivables from group enterprises		-	61
Other receivables		2	86
Prepayments		5	122
Receivables		2,133	886
Cash		4,739	3,204
Current assets		6,872	4,143
Assets		30,172	64,648

Balance sheet at 31.12.2018

	Notes	2018 EUR '0000	2017 EUR '0000
Contributed capital		1,219	1,219
Retained earnings		25,666	57,836
Equity		26,885	59,055
Trade payables		695	377
Payables to group enterprises		-	4,580
Income tax payables		82	5
Other payables		2,510	631
Current liabilities other than provisions		3,287	5,593
Liabilities other than provisions		3,287	5,593
Equity and liabilities		30,172	64,648
Contingent liabilities	5		
Transactions with related parties	6		
Group relations	7		

Statement of changes to equity for 2018

	Contributed capital	Retained earnings	Total
	EUR '000	EUR '000	EUR '000
Equity at beginning of the year	1,219	57,836	59,055
Profit/loss for the year	-	2,472	2,472
Capital injections during the year	-	4,758	4,758
Dividends paid out during the year	-	(39,400)	(39,400)
Equity at the end of the year	1,219	25,666	26,885

Notes

	2018	2017
	EUR '0000	EUR '0000
1. Staff costs		
Wages and salaries	857	1,178
Pension costs	75	102
Other social security costs	10	4
Other staff costs	12	23
	954	1,307
Average number of employees	8	11
	2018	2017
	EUR '0000	EUR '0000
2. Financial expenses		
Interest expenses to group companies	-	230
Other interest expenses	48	2
Exchange rate adjustments	21	245
Other financial expenses	-	15
	69	492
	2018	2017
	EUR '0000	EUR '0000
3. Tax on profit/loss for the year		
Current tax	99	57
Adjustment concerning previous years	(6)	1
	93	58
	2018	2017
	EUR '0000	EUR '0000
4. Proposed distribution of profit/loss		
Retained earnings	2,472	222
	2,472	222

Notes

5. Contingent liabilities

The Company participates in a Danish joint taxation arrangement where Coral Tankers ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc. for the jointly taxed companies, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

6. Transactions with related parties

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

7. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Coral Tankers ApS, Galoche Allé 15, 4200 Køge, Denmark. Business registration no. 39164353.

The consolidated financial statements of the foreign parent company can be obtained at the following address: Galoche Allé 15, 4200 Køge, Denmark.

Accounting policies

Reporting class

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

The accounting policies applied to this financial statement are consistent with those applied last year.

Change in functional currency

At the time of establishment of the Company, USD was chosen as the functional currency. This was based on the fact that both revenue and costs are composed of a basket of currencies but with USD and EUR/DKK being the main currencies. However, USD was deemed to be the currency of the Company's primary economic environment.

Subsequently, the currency composition of both revenue and costs has moved towards EUR.

As a result of this, EUR is considered the functional currency effective 1 January, 2018.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

Revenue is recognised in the income statement when:

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

Revenue comprises freight and demurrage. 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.

Other operating income

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

Cost of sales

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

External expenses

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

Staff costs

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

Income from investments in group enterprises

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

Income from investments in associates

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

Financial income

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

Financial expenses

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

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Investments in group enterprises**

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

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

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

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

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

Investments in associates

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

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

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

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

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

Receivables

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

Income tax payable or receivable

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

Prepayments

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

Cash

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

Other financial liabilities

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

Cash flow statement

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