NORDIC SHIPHOLDING

Interim Report Q3 2015

25 November 2015
CVR-no. 76 35 17 16

Summary

The comparison figures for period ended 30 September 2014 are stated in parenthesis.

For the 9 months ended 30 September 2015 ('9M 2015'), the Group generated a profit after tax of USD 12.2 million, which includes a one-off gain of USD 5.8 million from the reversal of impairment loss on the vessels deployed in the Handytankers Pool. Excluding the reversal of prior years' impairment, the Group generated a profit after tax of USD 6.4 million compared to a loss after tax of USD 4.6 million in the same period last year ('9M 2014'). The higher average TCE rates from the vessels deployed in Handytankers Pool, higher TCE income earned by the LR1 vessel (Nordic Anne) as well as lower vessel operating expenses contributed to the better performance in the first 3 quarters of 2015.

Despite the higher gross freight revenue generated by the vessels in the Handytankers Pool, the total gross revenue earned in 9M 2015 was marginally lower by 2.5% as the 9M 2015 revenue comprised time-charter income (i.e. net of voyage expenses) from the LR1 vessel (Nordic Anne) whilst the 9M 2014 gross revenue represented freight income from the LR1 vessel.

TCE earnings rose 41.3% to USD 26.6 million (USD 18.9 million) in 9M 2015 due to higher TCE earnings for the vessels in the Handytankers Pool arising primarily from higher gross freight rates and reduced bunker expenses. The TCE income in 9M 2015 from the 3-year time-charter locked in for Nordic Anne was also higher than the LR1 pool earnings in 9M 2014.

Expenses relating to the operation of vessels in 9M 2015 fell 18.0% to USD 11.1 million (USD 13.6 million). The decrease in expenditure in 9M 2015 was largely attributed to the change of technical managers in 2014 and one-off cost incurred in 2014 (USD 1.8 million) relating to the change of technical managers.

As a result, the Group's EBITDA amounted to USD 14.0 million (USD 2.6 million) from the higher TCE earnings in 9M 2015 and one-off costs incurred in 9M 2014 arising from (i) the change of technical managers amounting to USD 1.8 million and (ii) higher professional fees in beginning of 2014 due to the restructuring in December 2013.

In 9M 2015, the Group reversed partially the impairment loss recognised in 2012 for the vessels deployed in the Handytankers Pool (considered as one cash-generating unit) of USD 5.8 million as independent broker valuations for these vessels were materially higher than the carrying amount of the vessels after the impairment in 2012.

In the last quarter of 2014, the Group reversed partially the impairment loss recognised in 2012 for Nordic Anne of USD 5.2 million.

After accounting for depreciation, reversal of the impairment loss, interest expense and other non-operating items, the result after tax in 9M 2015 reached USD 12.2 million as compared to a loss of USD 4.6 million in 9M 2014.

Under the loan agreement, on a quarterly basis, cash in excess of USD 6.0 million will be used to pay down the loan facility. During 9M 2015, this cash sweep mechanism was activated on 31 March 2015, 30 June 2015 and 30 September 2015, and a total of USD

9.1 million excess cash was used to pay down the loan. This is in addition to the regular loan amortisation totalling USD 3.0 million.

Cash flow generated from operations was USD 14.8 million (USD 3.3 million) mainly arising from the distributions earned by the Handytankers Pool and time-charter income received for Nordic Anne, offset by payment of periodic interest expenses on the term loan.

The Group invested USD 0.8 million in dry-docking and repaid USD 12.1 million on the term loan facility. Cash balance as at 30 September 2015 stood at USD 6.4 million (USD 4.6 million).

Consolidated financial highlights

Amounts in USD thousand	**YTD 30 Sep 2015**	**YTD 30 Sep 2014**	**FY 2014**
Time charter equivalent revenue (TCE revenue)	26,643	18,859	27,089
EBITDA	14,004	2,595	6,818
Operating result (EBIT)	14,883	(1,991)	5,815
Net finance expenses	(2,644)	(2,567)	(3,400)
Result after tax	12,239	(4,600)	2,348
Equity ratio (%)	31.4%	17.8%	22.4%
Earnings per share US cents	3.01	(1.13)	0.58
Market price per share DKK, period end	1.19	1.09	0.84
Market price per share USD, period end	0.18	0.19	0.14
Exchange rate USD/DKK, period end	6.68	5.89	6.16
Number of shares, period end	406,158,403	406,158,403	406,158,403
Average number of shares	406,158,403	406,158,403	406,158,403

Company data

Company
Nordic Shipholding A/S (the "Company")
Sundkrogsgade 19, DK-2100 Copenhagen, Denmark
CVR- no. 76 35 17 16
Website: www.nordicshipholding.com
Registered office: Copenhagen
Contact persons regarding this interim report: Knud Pontoppidan, Chairman
Philip Clausius, CEO

Executive Management
Philip Clausius, CEO

Board of Directors
Knud Pontoppidan, Chairman
Jon Robert Lewis, Deputy Chairman
Kristian Verner Mørch
Kanak Kapur
Philip Clausius

Auditors
PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab

Forward-looking statements
This report contains forward-looking statements reflecting Nordic Shipholding A/S's current beliefs concerning future events. Forward-looking statements are inherently subject to uncertainty, and Nordic Shipholding A/S's actual results may thus differ significantly from expectations. Factors which could cause actual results to deviate from the expectations include, but not limited to, changes in macroeconomic, regulatory and political conditions, especially on the Company's main markets, changes in currency exchange and interest rates, freight rates, operating expenses and vessel prices as well as possible disruptions of traffic and operations resulting from outside events.

Management's review

The Group with its six vessels, continues to be a tonnage provider in the product tanker segment. The five 37,000 dwt handy tankers remain commercially managed by Maersk in the Handytankers Pool, whilst the 73,000 dwt LR1 (Nordic Anne) is on a 3-year time-charter.

In 9M 2015, the average daily TCE rate earned by the vessels in the Handytankers Pool was better than the forecasted daily rate, whilst the TCE rate earned by the LR1 vessel (Nordic Anne) tracked the forecast.

Financial results for the period 1 January – 30 September 2015
The comparison figures for the same period in 2014 are stated in parenthesis.

For the 9 months ended 30 September 2015 ('9M 2015'), the Group generated a profit after tax of USD 12.2 million, which includes a one-off gain of USD 5.8 million from the reversal of impairment loss on the vessels deployed in the Handytankers Pool. Excluding the reversal of prior years' impairment, the Group generated a profit after tax of USD 6.4 million compared to a loss after tax of USD 4.6 million in the same period last year ('9M 2014'). The higher average TCE rates from the vessels deployed in Handytankers Pool, higher TCE income earned by the LR1 vessel (Nordic Anne) as well as lower vessel operating expenses contributed to the better performance in the first 3 quarters of 2015.

Despite the higher gross freight revenue generated by the vessels in the Handytankers Pool, the total gross revenue earned in 9M 2015 was marginally lower by 2.5% as the 9M 2015 revenue comprised time-charter income (i.e. net of voyage expenses) from the LR1 vessel (Nordic Anne) whilst the 9M 2014 gross revenue represented freight income from the LR1 vessel.

TCE earnings rose 41.3% to USD 26.6 million (USD 18.9 million) in 9M 2015 due to higher TCE earnings for the vessels in the Handytankers Pool arising primarily from higher gross freight rates and reduced bunker expenses. The TCE income in 9M 2015 from the 3-year time-charter locked in for Nordic Anne was also higher than the LR1 pool earnings in 9M 2014.

Expenses relating to the operation of vessels in 9M 2015 fell 18.0% to USD 11.1 million (USD 13.6 million). The decrease in expenditure in 9M 2015 was largely attributed to the change of technical managers in 2014 and one-off cost incurred in 2014 (USD 1.8 million) relating to the change of technical managers.

As a result, the Group's EBITDA amounted to USD 14.0 million (USD 2.6 million) from the higher TCE earnings in 9M 2015 and one-off costs incurred in 9M 2014 arising from (i) the change of technical managers amounting to USD 1.8 million and (ii) higher professional fees in beginning of 2014 due to the restructuring in December 2013.

In 9M 2015, the Group reversed partially the impairment loss recognised in 2012 for the vessels deployed in the Handytankers Pool (considered as one cash-generating unit) of USD 5.8 million as independent broker valuations for these vessels were materially higher than the carrying amount of the vessels after the impairment in 2012.

In the last quarter of 2014, the Group reversed partially the impairment loss recognised in 2012 for Nordic Anne of USD 5.2 million.

After accounting for depreciation, reversal of the impairment loss, interest expense and other non-operating items, the result after tax in 9M 2015 reached USD 12.2 million as compared to a loss of USD 4.6 million in 9M 2014.

Depreciation amounted to USD 4.9 million (USD 4.6 million). The increase was due partially to periodic dry-docking.

Excluding the write-off in financial assets of USD 0.2 million in 9M 2015 (USD NIL), net finance expenses were slightly lower at USD 2.4 million (USD 2.6 million) as the Group repaid the working capital loan in full in December 2014 and made regular loan amortisations and cash sweeps totalling USD 12.1 million on the loan facility in the first nine months of 2015.

Financial position as at 30 September 2015
The comparison figures for 30 September 2014 are stated in parenthesis.

Total assets amounted to USD 136.3 million (USD 132.3 million).

Vessels and docking stood at USD 121.4 million (USD 116.0 million). The increase is due to capitalisation of dry-docking/intermediate survey costs for 2 vessels and the reversal of impairment loss recognised in 2012 for i) the vessels deployed in the Handytankers Pool of USD 5.8 million in 9M 2015 and ii) Nordic Anne of USD 5.2 million in the last quarter of 2014, offset by depreciation.

Receivables reached USD 7.2 million as at 30 September 2015 (USD 8.7 million). The decrease is primarily due to the exit of Nordic Anne from the Straits Tankers Pool.

From 31 December 2014 to 30 September 2015, net working capital[1] fell by USD 3.2 million from USD 6.0 million to USD 2.8 million due mainly to the decline in bunkers and receivables with the exit of Nordic Anne from the Straits Tankers Pool.

[1] Net working capital is defined as inventories, receivables and other current operating assets less trade payables and other liabilities (excluding provisions) as well as other current operating liabilities.

Cash stood at USD 6.4 million (USD 4.6 million), an improvement of USD 1.8 million from 30 September 2014.

As a consequence of the result and repayment on loans, the equity increased from USD 23.6 million to USD 42.8 million and the equity ratio improved from 17.8% to 31.4% between 30 September 2014 and 30 September 2015.

Non-current liabilities fell to USD 83.1 million (USD 96.8 million) due to loan repayment. Current liabilities at USD 10.4 million (USD 11.8 million) comprised the current portion of term loan of USD 4.8 million (USD 5.2 million) arising from regular instalments from October 2015 to September 2016 and other current liabilities of USD 5.7 million (USD 6.6 million). The decline in other current liabilities was due primarily to (i) the exit of Nordic Anne from the Straits Tankers Pool and (ii) lower accruals accounted for by the technical managers of the vessels.

Under the loan agreement, on a quarterly basis, cash in excess of USD 6.0 million will be used to pay down the loan facility. During 9M 2015, this cash sweep mechanism was activated on 31 March 2015, 30 June 2015 and 30 September 2015, and a total of USD 9.1 million excess cash was used to pay down the loan. This is in addition to the regular loan amortisation totalling USD 3.0 million.

Cash flow for the period 1 January – 30 September 2015

Cash flow generated from operations was USD 14.8 million (USD 3.3 million) mainly arising from the distributions earned by the Handytankers Pool and time-charter income received for Nordic Anne, offset by payment of periodic interest expenses on the term loan. The Group invested USD 0.8 million in dry-docking and repaid USD 12.1 million on the term loan facility. Cash balance as at 30 September 2015 stood at USD 6.4 million (USD 4.6 million).

Events occurring after the end of the financial period
No significant event has occurred after 30 September 2015.

Outlook for 2015
The Q3 2015 performance was better than forecast primarily due to the USD 5.8 million reversal of impairment loss, as well as higher TCE rates earned by the vessels in the Handytankers Pool. As a result, the Board has revised the outlook for the full year 2015. The Group expects the TCE revenue from the 5 product tankers in the pool and the time-charter income from Nordic Anne to be in the region of USD 33.0 million – USD 36.0 million, an increase from USD 31.0 million – USD 34.0 million reported in the H1 2015 Interim Report.

After accounting for operating expenditure, the Group expects the EBITDA (earnings before interest, tax, depreciation and amortisation) to be in the range of USD 16.0 million – USD 19.0 million. Previously, the forecasted EBITDA was in the range of USD 15.0 million – USD 18.0 million. Result before tax is expected to be between USD 13.0 million – USD 15.0 million, revised upwards from USD 5.0 million – USD 8.0 million, primarily due to the reversal of prior years' impairment loss of USD 5.8 million. This revised outlook takes into account neither any further reversal of impairment loss in Q4 2015 nor any write-downs of vessels' value unless significant weakness in the product tanker sector sets in.

In terms of cash flow, the Group's cash flows is expected to be between USD 10.0 million – USD 13.0 million in 2015 (previously forecasted to be between USD 9.0 million – USD 12.0 million), after repaying the regular loan amortisation of USD 4.0 million. Under the loan agreement with the lending banks, cash in excess of USD 6.0 million will be used to pay down the long-term facility. In 9M 2015, a total of USD 9.1 million of excess cash was used to pay down the loan. An excess cash of between USD 1.5 million to USD 3.0 million is forecasted to be used to further pay down the loan in Q4 2015. This is in addition to the regular loan amortisation.

The Board is continually seeking suitable investment opportunities to grow the Company and maximise shareholder returns.

Management statement

We have today considered and approved the interim financial statements of Nordic Shipholding A/S for the period 1 January – 30 September 2015.

The interim report, which has not been audited or reviewed, has been presented in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the accounting policies applied are appropriate and the interim report gives a true and fair view of the Group's financial position at 30 September 2015 and of its financial performance and cash flows for the period 1 January – 30 September 2015. In our opinion, the management's review gives a true and fair review of the development in and results of the Group's operations and financial position as a whole and a specification of the significant risks and uncertainties facing the Group. Besides what has been disclosed in the interim report for the period 1 January – 30 September 2015, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the 2014 Annual Report.

Copenhagen, 25 November 2015

Executive Management
Philip Clausius, CEO

Board of Directors

Knud Pontoppidan Chairman	Jon Robert Lewis Deputy Chairman	
Kristian Verner Mørch	Kanak Kapur	Philip Clausius

Consolidated statement of comprehensive income (condensed)

Amounts in USD thousand	Q3 2015	Q3 2014	YTD 30 Sep 2015	YTD 30 Sep 2014	FY 2014
Total revenue	**12,352**	**12,805**	**35,687**	**36,613**	**50,104**
Voyage related expenses	(2,551)	(6,709)	(9,044)	(17,754)	(23,015)
TCE revenue	**9,801**	**6,096**	**26,643**	**18,859**	**27,089**
Other income	-	-	-	3	132
Expenses related to the operation of vessels	(4,141)	(4,225)	(11,135)	(13,584)	(17,124)
Staff costs	(66)	(23)	(150)	(75)	(97)
Other external costs	(350)	(562)	(1,354)	(2,608)	(3,182)
EBITDA	**5,244**	**1,286**	**14,004**	**2,595**	**6,818**
Depreciation	(1,642)	(1,571)	(4,899)	(4,586)	(6,197)
Reversal of impairment loss	5,778	-	5,778	-	5,194
Operating result (EBIT)	**9,380**	**(285)**	**14,883**	**(1,991)**	**5,815**
Financial income	-	-	-	11	26
Financial expenses	(810)	(848)	(2,644)	(2,578)	(3,426)
Result before tax	**8,570**	**(1,133)**	**12,239**	**(4,558)**	**2,415**
Tax on result	-	(34)	-	(42)	(67)
Result after tax	**8,570**	**(1,167)**	**12,239**	**(4,600)**	**2,348**
Other comprehensive income	-	-	-	-	-
Comprehensive income	**8,570**	**(1,167)**	**12,239**	**(4,600)**	**2,348**
Distribution of result					
Parent Company	8,570	(1,167)	12,239	(4,600)	2,348
Non-controlling interest	-	-	-	-	-
	8,570	**(1,167)**	**12,239**	**(4,600)**	**2,348**
Distribution of comprehensive income					
Parent Company	8,570	(1,167)	12,239	(4,600)	2,348
Non-controlling interest	-	-	-	-	-
	8,570	**(1,167)**	**12,239**	**(4,600)**	**2,348**
Number of shares, end of period	406,158,403	406,158,403	406,158,403	406,158,403	406,158,403
Earnings per share, US cents	2.11	(0.29)	3.01	(1.13)	0.58
Diluted earnings per share, US cents	2.11	(0.29)	3.01	(1.13)	0.58

Statement of financial position (condensed)

Amounts in USD thousand	**30 Sep 2015**	**30 Sep 2014**	**31 Dec 2014**
Non-current assets			
Vessels and docking	121,395	115,965	119,692
Other financial assets	-	185	185
Total non-current assets	**121,395**	**116,150**	**119,877**
Current assets			
Bunkers and lubricant stocks	1,307	2,838	2,385
Receivables	7,175	8,727	9,754
Cash & cash equivalents	6,379	4,554	4,489
Total current assets	14,861	16,119	16,628
Total assets	**136,256**	**132,269**	**136,505**
Equity and liabilities			
Equity			
Equity, Parent Company	42,790	23,603	30,551
Equity, non-controlling interest	-	-	-
Total equity	**42,790**	**23,603**	**30,551**
Liabilities			
Non-current liabilities			
Finance loans, etc.	83,050	96,822	95,829
Total non-current liabilities	**83,050**	**96,822**	**95,829**
Current liabilities			
Finance loans, etc.	4,758	5,229	4,018
Other current liabilities	5,658	6,615	6,107
Total current liabilities	**10,416**	**11,844**	**10,125**
Total liabilities	**93,466**	**108,666**	**105,954**
Equity and liabilities	**136,256**	**132,269**	**136,505**

Statement of changes in equity (condensed)

Amounts in USD thousand	Share capital	Retained earnings	Equity Parent company	Non-controlling interest	Total equity
Equity as at 1 January 2015	**7,437**	**23,114**	**30,551**	**-**	**30,551**
Result for the period	-	12,239	12,239	-	12,239
Other comprehensive income for the period	-	-	-	-	-
Equity as at 30 September 2015	**7,437**	**35,353**	**42,790**	**-**	**42,790**

Amounts in USD thousand	Share capital	Retained earnings	Reserves	Equity Parent company	Non-controlling interest	Total equity
Equity as at 1 January 2014	**7,437**	**(37,500)**	**58,266**	**28,203**	**-**	**28,203**
Transfer from restricted reserves to retained earnings	-	58,266	(58,266)	-	-	-
Result for the period	-	(4,600)	-	(4,600)	-	(4,600)
Other comprehensive income for the period	-	-	-	-	-	-
Equity as at 30 September 2014	**7,437**	**16,166**	**-**	**23,603**	**-**	**23,603**

Statement of cash flow (condensed)

Amounts in USD thousand	**YTD 30 Sep 2015**	**YTD 30 Sep 2014**	**Year 2014**
Operating result (EBIT)	14,883	(1,991)	5,815
Adjustments for:			
Depreciation of vessels	4,899	4,586	6,197
Reversal of impairment loss	(5,778)	-	(5,194)
Non-cash financial expenses	-	-	28
Operating profit before working capital changes	14,004	2,595	6,846
Changes in working capital	3,188	3,442	2,335
Net financial expenses paid	(2,419)	(2,649)	(3,494)
Paid taxes	(8)	(64)	(64)
Cash flows from operating activities	**14,765**	3,324	5,623
Investments in tangible assets	(824)	(2,381)	(2,525)
Net cash from investing activities	**(824)**	(2,381)	(2,525)
Repayment of finance loans	(12,051)	(1,780)	(4,000)
Net cash from financing activities	**(12,051)**	(1,780)	(4,000)
Cash flows for the period	1,890	(837)	(902)
Cash and cash equivalents at beginning of period	4,489	5,391	5,391
Cash and cash equivalents at end of period	**6,379**	4,554	4,489

Notes

1. Accounting policies

The interim report has been presented as a condensed set of financial statements in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The accounting policies have been consistently applied. For a further description of the accounting policies, see the 2014 Annual Report for Nordic Shipholding A/S.

New IAS/IFRSs
Nordic Shipholding A/S has implemented the new financial reporting standards or interpretations which were effective from 1 January 2015. The changes have no impact on Nordic Shipholding A/S's results or equity in the interim report and disclosure in the notes.

2. Accounting estimates

Impairment tests
In accordance with IAS 36, intangible assets with indefinite lives are tested for impairment at least annually and tangible assets are tested if there are indications of impairment. The Group evaluates the carrying amount of vessels within two cash generating units – vessel deployed on a 3-year time-charter and vessels deployed in Handytankers Pool respectively - to determine whether events have occurred that would require an adjustment to the recognised value of the vessels.

In 9M 2015, the Group reversed partially the impairment loss recognised in 2012 for the vessels deployed in the Handytankers Pool (considered as one cash-generating unit) of USD 5.8 million as independent broker valuations for these vessels were materially higher than the carrying amount of the vessels after the impairment in 2012.

In the last quarter of 2014, the Group reversed partially the impairment loss recognised in 2012 for Nordic Anne of USD 5.2 million.

Depreciation
Depreciation on vessels is material for the Group. Vessels are depreciated over their useful life, which management estimates to be 25 years, to a residual value. The estimates are reassessed regularly based on available information. Changes to estimates of useful lives and residual values may affect the depreciation for the period. There was no change to the estimates of useful lives and residual values during 9M 2015. The carrying amount of vessels as at 30 September 2015 amounted to USD 121.4 million (30 September 2014: USD 116.0 million; 31 December 2014: USD 119.7 million).

3. Finance loans

As at 30 September 2015, the Group had outstanding finance loans of USD 87.8 million (30 September 2014: USD 102.1 million; 31 December 2014: USD 99.8 million). The reduction in finance loans between 30 September 2014 and 31 December 2014 was due to the repayment on working capital loan whilst the reduction in finance loans between 31 December 2014 and 30 September 2015 was due to regular loan amortisation and cash sweep on term loan.