NORDIC SHIPHOLDING

NORDIC SHIPHOLDING A/S
ANNUAL REPORT **2015**

CVR-no.: 76351716

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Sundkrogsgade 19,
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Website: www.nordicshipholding.com
Registered office: Copenhagen

Date of adoption of Annual Report 2015 by the General Assembly: 12 April 2016

Name of conductor **Signature of conductor**

Contents

2015 in brief

- The Group with its six vessels, continues to be a tonnage provider in the product tanker segment in 2015. The five 37,000 dwt handy tankers remain commercially managed by the Maersk Group in the Handytankers Pool, whilst the 73,000 dwt LR1 Nordic Anne is fixed on a 3-year time-charter from December 2014.

- Gross revenue earned by the 6 vessels reached USD 46.8 million, which resulted in a TCE revenue of USD 35.1 million and an EBITDA of USD 18.2 million. Equity totalled USD 44.2 million and equity ratio reached 32.2%.

- The improved TCE revenue of USD 35.1 million was due to higher TCE revenue for the vessels in the Handytankers Pool arising primarily from higher gross freight rates and reduced bunker expenses. The TCE revenue from the 3-year time-charter locked in for Nordic Anne was also higher than her share of the LR1 pool earnings in 2014.

- The improved performance resulted in an after tax profit of USD 13.6 million, after accounting for a USD 5.8 million reversal in impairment loss as disclosed in Q3 2015 Interim Report.

- In 2015, arising from the improved performance, the cash sweep mechanism under the loan agreement was activated. Excess cash amounting to USD 9.6 million was used to pay down the loan in addition to the USD 4.0 million regular loan amortisation.

- The actual financial performance for 2015 was generally in line with revised expectations of the Board, as indicated in Q3 2015 Interim Report.

- For 2016, barring unforeseen circumstances, the Group's performance is expected to be similar to 2015's performance (not taking into account any reversal or write-down of impairment loss).

Group Key Figures 2011-2015

Amounts in USD thousand	2015	2014	2013	2012	2011
Income statement					
Revenue^	46,777	50,104	60,002	57,333	-
Time charter equivalent revenue (TCE revenue)	35,067	27,089	25,881	26,417	24,474
EBITDA	18,238	6,818	3,601	6,513	5,673
Operating result (EBIT)	17,323	5,815	(2,029)	(40,842)	3,277
Net financials	(3,719)	(3,400)	(7,061)	(14,124)	(8,079)
Result after tax	13,610	2,348	19,435	(55,016)	(4,853)
Result from discontinued operations	-	-	-	(9,278)	(27,005)
Comprehensive income	13,610	2,348	21,555	(62,539)	(34,951)
Balance sheet and cashflow data					
Invested capital	123,926	125,909	126,726	141,631	295,485
Net working capital (NWC)	3,190	6,075	8,455	3,396	9,382
Equity	44,161	30,551	28,203	(37,429)	24,713
Balance sheet total	136,937	136,505	137,804	158,304	329,534
Investments in property, plant and equipment **	1,875	2,525	800	353	1,179
Net interest bearing debt	79,765	95,358	98,523	179,060	270,966
Cash flow from operating activities	17,649	5,623	(5,806)	(4,973)	(3,520)
Cash flow for the year	2,145	(902)	(734)	(8,154)	(3,814)
Financial Ratios					
EBITDA margin (%)#	39.0%	13.6%	6.0%	11.4%	23.2%
Net result margin (%)^^#	29.1%	4.7%	-15.2%	-96.0%	-19.8%
Equity ratio (%) ***	32.2%	22.4%	20.5%	-23.6%	7.5%
Return on invested capital (%)*	14.0%	4.6%	-1.6%	-28.8%	1.1%
Return on equity (%)^^*	30.8%	7.7%	-32.4%	N.A.	-19.6%
Financial gearing	1.81	3.12	3.49	-4.78	10.96
Net working capital/revenue#	9.9%	14.5%	9.9%	11.1%	38.1%
Key figures per share					
Earnings per share USD	0.03	0.01	0.37	-1.65	-0.82
Market price per share DKK, year end	1.17	0.84	0.72	0.53	2.21
Market price per share USD, year end	0.17	0.14	0.13	0.09	0.38
Exchange rate USD/DKK, year end	6.87	6.16	5.41	5.66	5.75
Average number of full time employees	1	-	-	2	2
Number of shares, year end	406,158,403	406,158,403	406,158,403	38,946,697	38,946,697

^ Gross-up revenue figures are not available for 2011.

^^ Net result for 2013 excludes one-time gain from restructuring of USD 28,561 thousand.

\# Key Figures for financial year 2011 are not directly comparable due to the changes in the calculation of the financial ratios.

N.A. Not Applicable

Unless otherwise stated, key figures and ratios have been calculated in accordance with the standards laid down by the Danish Society of Financial Analysts in "Recommendations & Financial Ratios 2015".

* The key figures have not been calculated in accordance with the recommendations.

** Excluding acquisitions.

*** Excluding non-controlling interest.

Management Review

The Company remains a tonnage provider in the product tanker segment and the objective is to grow the current fleet of six vessels. The five 37,000 dwt handy tankers remain commercially managed by the Maersk Group, where they participate in the Handytankers Pool. The 73,000 dwt LR1 Nordic Anne is fixed on a 3-year time-charter from December 2014.

The Company has completed the liquidation of Dutch subsidiaries in 2015 following the transfer of all six vessels to separate wholly-owned legal entities in Singapore in 2014.

Due to a market upturn since the last quarter of 2014, the tanker freight rates for the fleet in 2015 improved significantly compared to 2014. The better TCE performance in 2015 was due to higher average TCE rates from the vessels deployed in Handytankers Pool and the TCE revenue from the 3-year time-charter locked in for Nordic Anne was higher compared to her share of the LR1 pool earnings in 2014.

Gross revenue earned by the 6 vessels reached USD 46.8 million (USD 50.1 million), which resulted in a TCE revenue of USD 35.1 million (USD 27.1 million) and an EBITDA of USD 18.2 million (USD 6.8 million).

Improved TCE performance and lower vessel operating expenses of USD 14.8 million (USD 17.1 million) resulted in a significant improvement in EBITDA to USD 18.2 million (USD 6.8 million).

Equity climbed to USD 44.2 million (USD 30.6 million) with the improved performance.

In 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 and value in use calculations 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.

Excluding the one-off gain of USD 5.8 million in 2015 from the reversal of impairment loss on the vessels deployed in the Handytankers Pool, Nordic Shipholding generated a net profit of USD 7.8 million for 2015, which is a significant improvement compared to a loss of USD 2.8 million in 2014 (excluding the one-off gain of USD 5.2 million from the reversal of impairment loss on Nordic Anne). The net income of USD 13.6 million in 2015 is within the forecasted range of USD 13.0 million to USD 15.0 million.

The Board continues to source for suitable investment and consolidation opportunities to grow the Company and seeks to maximise returns for shareholders.

The Board of Directors and management remain thankful to our more than 5,000 shareholders that continued to support the Company throughout 2015.

Read about our diversity in management and CSR policy in the Statutory Corporate Governance Statement section on page 10 and the Corporate Social Responsibility (CSR) section on page 14, respectively.

Knud Pontoppidan	Philip Clausius
Chairman of the Board of Directors	Chief Executive Officer

Outlook for 2016

The 2015 performance was generally in line with the revised expectations as stated in 3Q 2015 Interim Report. The restructuring completed in December 2013, coupled with the various operational changes implemented in 2014 which have strengthened the financial position of the Group and the higher TCE earnings from the operations of the 6 vessels in 2015, cumulated to the improved financial performance in 2015. For the coming year, barring unforeseen circumstances, the Group’s performance is expected to be similar to 2015’s performance (not taking into account any reversal or write-down of impairment loss).

For 2016, 5 of the Group’s 6 vessels will remain commercially deployed on a pool basis. One vessel is time-chartered under a minimum 3-year time-charter arrangement. As the rates in 2016 are forecasted to remain on par with the actual rates in 2015, the TCE revenue from the 5 product tankers in the pool and the time charter income from Nordic Anne are expected to be in the region of USD 33.0 – USD 36.0 million.

As a result, after taking into account the operating expenditure budgeted by the respective technical managers, the Group expects EBITDA (earnings before interest, tax, depreciation and amortisation) to be in the range of USD 17.0 – USD 20.0 million. The result before tax is expected to be between USD 7.0 – USD 9.0 million. This outlook for 2016 does not take into account any further reversal of impairment loss nor any write-downs of vessels’ carrying value unless significant weakness in the product tanker sector sets in.

The Group is expected to meet the various covenants imposed under the loan agreement during this period.

As an attractive platform for growth, the Board continues to seek and assess suitable investment and consolidation opportunities to expand the Company.

Forward-looking statements

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

Financial Review 2015

Financial highlights of the Group in 2015 (2014 figures in brackets)
The Group reported a net result of USD 13.6 million for 2015 (USD 2.3 million). Excluding the one-off gain of USD 5.8 million (USD 5.2 million) in 2015 arising from the reversal of impairment loss on the vessels deployed in the Handytankers Pool, Nordic Shipholding generated net profit of USD 7.8 million for 2015, which is a significant improvement compared to the USD 2.8 million loss incurred in 2014 (excluding a one-off gain of USD 5.2 million from the reversal of impairment loss on Nordic Anne).

Gross revenue generated in 2015 reached USD 46.8 million (USD 50.1 million), resulting in a TCE revenue of USD 35.1 million (USD 27.1 million). EBITDA (earnings before depreciation, impairment, amortisation, interest and tax) amounted to USD 18.2 million (USD 6.8 million) and after accounting for depreciation and reversal of impairment loss, the Group made a net operating profit of USD 17.3 million (USD 5.8 million).

- *Revenue*
  Gross revenue generated by the 6 vessels in 2015 totalled USD 46.8 million (USD 50.1 million). After deduction of voyage related costs, the Group made a TCE revenue of USD 35.1 million (USD 27.1 million). Whilst the TCE revenue earned in 2015 is higher compared to 2014, gross revenue generated in 2015 was lower due to the recognition of time charter income (which is income net of voyage expenses) as Nordic Anne was deployed on time charter from December 2014.

- *Voyage related expenses*
  Voyage related expenses for the 6 vessels declined significantly to USD 11.7 million (USD 23.0 million). The decline is due to lower bunker expenses and the deployment of Nordic Anne on time charter as voyage expenses are recognised by the time charterer.

- *Operating Costs*
  Expenses related to the operation of 6 vessels owned by the Group amounted to USD 14.8 million (USD 17.1 million). In 2014, included in the operating costs was a one-off cost of USD 1.8 million relating to the change of technical managers.

  Staff costs amounted to USD 0.2 million (USD 0.1 million) while other external costs amounted to USD 1.8 million (USD 3.2 million). The higher other external costs incurred in 2014 was due to higher professional fees in beginning of 2014 as a result of the restructuring in December 2013.

- *Depreciation and write-downs and reversal of impairment loss*
  A total depreciation of USD 6.7 million (USD 6.2 million) was charged on the Group's 6 vessels. In 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 and value in use calculations 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.

- *Financial income and expenses*
  Financial expenses amounted to USD 3.7 million (USD 3.4 million) due mainly to interest expense on the Group's loans. The interest expenses in 2015 were marginally lower due to the regular loan amortisations and cash sweeps totalling USD 13.6 million on the loan facility.

- *Tax*
  The Company's tax payment is primarily calculated according to the rules and regulations in Denmark. The Singapore Income Tax Act is applied for the Singapore-incorporated vessel-owning entities. For further information please refer to Note 11 in the financial statements.

- *Assets*
  At 31 December 2015, the Group's balance sheet totalled USD 136.9 million (USD 136.5 million) comprising mainly vessels, receivables and cash.

  Vessels and docking increased to USD 120.7 million in 2015 from USD 119.7 million in 2014 mainly due to reversal of impairment loss of USD 5.8 million and capitalisation of dry docking/intermediate survey costs for two vessels, partially offset by depreciation.

  Receivables reached USD 8.2 million as at 31 December 2015 (USD 9.8 million). The decrease is primarily due to the exit of Nordic Anne from the Straits Tankers Pool.

  As at 31 December 2015, the Group's cash balance was USD 6.6 million (USD 4.5 million) after the USD 13.6 million repayment on the loan facility during the year.

- *Equity*
  The positive change in equity was due to the net profit of USD 13.6 million generated in 2015.

- *Liabilities*
  Total liabilities amounted to USD 92.8 million (USD 106.0 million). The Group's interest-bearing debt, including accrued interest, amounted to USD 86.4 million (USD 99.8 million), of which USD 9.2 million (USD 4.0 million) is due within the next 12 months from 31 December 2015. The decrease in the Group's interest-bearing debt was due mainly to the principal repayment on the loan facility of USD 13.6 million during the year (which included repayment of USD 9.6 million arising from the cash sweep).

- *Cash flow*
  Cash flow from operations was USD 17.6 million (USD 5.6 million) mainly from the distributions earned by the vessels.

  Cash flow from investing activities amounted to USD -1.9 million (USD -2.5 million) due to dry-dockings invested in 2015.

  Cash flow from financing activities amounted to USD -13.6 million (USD -4.0 million) arising from the repayment on the loan facility.

  Cash flow for the year thus amounted to USD 2.1 million (USD -0.9 million), bringing the cash balance at year end to USD 6.6 million (USD 4.5 million).

Financial highlights of the Company (Parent) in 2015 (2014 figures in brackets)

Including the reversal of write-down of investments in subsidiaries of USD 15.5 million, the Company reported a net profit of USD 15.1 million (profit of USD 3.4 million, including an one-off gain from transfer of vessel of USD 5.7 million). At 31 December 2015, the Company's total assets amounted to USD 47.0 million (USD 31.7 million). The Company's equity improved to USD 46.7 million (USD 31.6 million) due to net profit earned in 2015 after the reversal of impairment on subsidiaries.

Vision & Strategy

The Company's focus is on maximising the commercial and technical performance of its current fleet. The Board will look at growth and consolidation opportunities that are accretive to the Company. The Company believes that the experience and expertise of the Board, coupled with the financial strength of the majority shareholder will result in compelling opportunities.

Statutory Corporate Governance Statement

This statutory corporate governance statement covers the financial period 1 January to 31 December 2015.

Corporate Governance

Nordic Shipholding is committed to maintaining a high standard of corporate governance, and the Board of Directors continuously reviews the framework and principles for the overall governance of the Company.

The Company is in compliance with the majority of the recommendations given in Recommendations for Corporate Governance issued 6 May 2013 (updated November 2014) and made public by NASDAQ OMX Copenhagen. Refer to http://www.nordicshipholding.com/phoenix.zhtml?c=212873&p=irol-govhighlights

Following is a brief description of the main deviations from the recommendations:

Composition of the Board of Directors

Nordic Shipholding sees no need to determine an age limit for the members of the Board of Directors as the Company strongly focuses on the competencies and relevant work experience of each Board member.

The Company's Board does not consist of majority independent directors given that the Company has a controlling shareholder. Strong representation on the Board by its controlling shareholder is deemed important for the Company in light of its business plans and present financial position.

Diversity in management

The current Board of Directors consists of 5 men. The Board maintains the goal to have at least 1 female board member in the medium term.

Board Committees

The Board of Directors does not find it necessary to establish other Board Committees, including the Audit Committee, Nomination Committee and Remuneration Committee, because of its shareholder structure and the nature of the Company's activities. All Board members are equally involved in the review of financial and audit matters.

Assessment of the performance of the Board of Directors and management

The Board of Directors does not have a formalised assessment procedure upon which the performance and results of the Board of Directors and the individual Board members, including the chairman, are evaluated on a regular basis. Furthermore, there is no predefined clear criteria to evaluate the work and performance of the Chief Executive Officer. For the time being, the Company has not found it necessary to institute a formal predefined procedure given that internal reviews are being carried out on an on-going basis by the Board of Directors.

Whistle-blower

The Company has not established a whistle-blower procedure.

Internal Control

Control environment

Transport Capital Pte. Ltd. ('Transport Capital') was appointed as the corporate manager for the Nordic Shipholding A/S Group since December 2013. Transport Capital has authorities and procedures for entering into binding agreements on behalf of the Company. Being a corporate manager, Transport Capital adheres to strict guidelines on segregation of duties, reporting procedures, manages the overall corporate functions and oversees the technical and commercial aspects of the Company.

Financial reporting process

The Board of Directors is responsible for the Group's internal control and risk management in connection with the financial reporting process, including observance of relevant statutory rules and regulations in connection with its financial reporting.

The Board of Directors receives weekly and monthly reports and is kept abreast of the developments in the industry.

Prior to publication of quarterly and annual reports, a Board meeting is held. At the meeting, the reports are discussed and an overall assessment of the risks associated with the financial reporting process is made. The financial statements are reviewed and explained relative to the budget and expectations. Moreover, any estimates and assessments used in the financial reporting are discussed and decided on.

Risk Management

The Company has identified the following risks which have the most significant effect on its financial position and business performance.

Operational risks

Freight rates
The Company is exposed to significant risks relating to the product tanker segment. Freight rates and market values of the vessels owned by the Company are the main risk elements.

Nordic Shipholding's revenues are exclusively generated from activities in the product tanker segment. The tanker industry is cyclical and volatile, which can lead to reductions in freight rates, volumes and ship values.

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

Pool
The Handysize product tankers have all been placed in a leading pool. Consequently, Nordic Shipholding is dependent on the pool's ability to attract customers and offer a product which is among the best in the market.

Bunkers
Bunker fuels constitute the major component affecting TCE earnings, and increasing prices can have a material impact on Nordic Shipholding's results.

Financial risks

Financing and Cash flow
In the current market situation, access to cash is an important factor for the Company's development. Nordic Shipholding monitors its cash flow situation carefully to ensure it has adequate liquidity for its working capital requirements and principal repayments and interest payments.

Current loan agreements contain financial covenants including (i) minimum liquidity levels, (ii) minimum value (fair market value of vessels as a percentage of outstanding loan) and (iii) minimum equity ratio.

Nordic Shipholding is also subject to a quarterly cash sweep mechanism under which Nordic Shipholding after payment of instalments and interest under the loan agreement, must apply any cash and cash equivalents of the Group in excess of USD 6.0 million towards prepayment of the loan until certain covenant ratios are met.

Interest rates
Nordic Shipholding's interest bearing debt with variable interest amounted to USD 86.4 million as at 31 December 2015 (2014: USD 100.0 million). This debt is comprised of loans denominated in USD.

In 2015, the Company obtained the approval from the lending banks to enter into an interest rate cap to partially hedge its upside exposure to interest rates increasing above a pre-determined rate. The Company is allowed to enter into new derivative transactions to hedge its interest rate exposure, subject to approval by the lending banks. As at the year-end, the unhedged portion of the Company's debt is vulnerable to interest rate risks. Any changes in interest rates could therefore have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Credit risk
Nordic Shipholding is reliant on a pool and its pool manager to distribute the allocated earnings on a regular basis. It is the Group's policy to cooperate with recognised pool partners in order to minimise this risk. Should the pools, however, fail to honour its obligations under the pool agreement and/or delay the distribution of pool earnings, Nordic Shipholding could sustain significant losses which could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position. Furthermore, if a pool agreement is terminated or expires, Nordic Shipholding might not be able to find employment for these vessels in the pool under similar conditions, which could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Nordic Shipholding is also reliant on the time-charter counterparty to fulfil its payment obligations on a monthly basis for one vessel. Should the counterparty default on its obligations, Nordic Shipholding could incur losses which could have material adverse impact on the Group's future performance, results of operations, cash flows and financial position.

Corporate Social Responsibility (CSR)

As at the date of this annual report, Nordic Shipholding does not have a written CSR policy due to the functional structure of the Company, where all corporate, commercial and technical management have been outsourced to external management service providers. Depending on the future developments of the Company, a CSR policy will be developed accordingly.

Shareholders Information

Share data at 31 December 2015

Listed on: NASDAQ OMX Copenhagen

Share capital: DKK 40,615,840

Nominal value: DKK 0.1

Shares issued: 406,158,403 shares

Shares trading on NASDAQ OMX Copenhagen: 406,158,403 shares
(Security ID code: DK0060083996)

Share classes: One

Votes per share: One

Bearer share: Yes

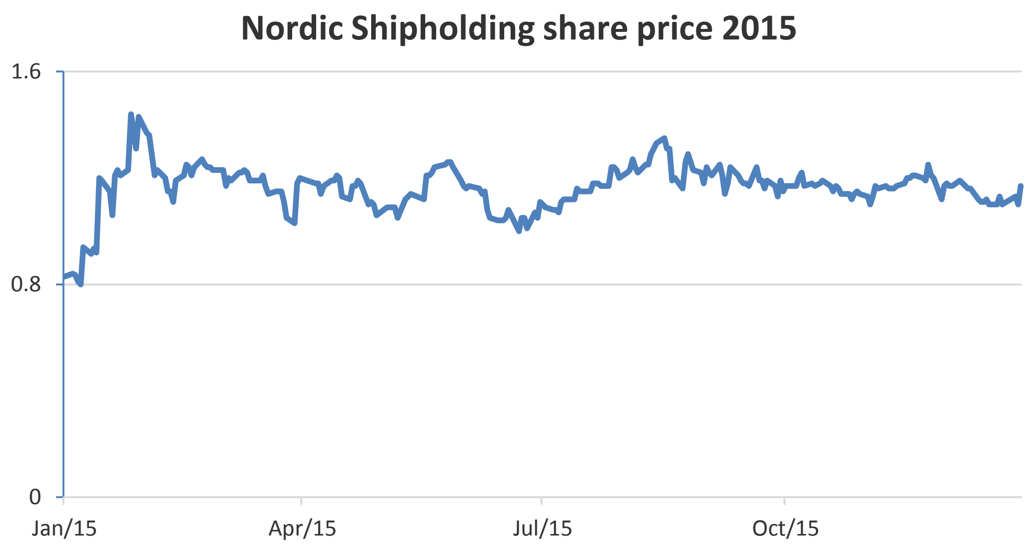
Restriction on voting rights: No

Restricted negotiability: No

For further corporate information please see www.nordicshipholding.com

Movements in the Company's share price at 31 December 2015

The closing price at year-end 2015 was DKK 1.17, an increase of 39% compared with year-end 2014 (DKK 0.84).



Shareholder structure

At 31 December 2015 Nordic Shipholding had 5,140 registered shareholders.

On 31 December 2015 the following shareholders held more than or equal to 5% of the share capital and voting rights:

- Nordic Maritime S.à r.l., Luxemburg- reported on 19 December 2013 – 76.03%
- Nordea Bank Danmark A/S, Denmark- reported on 19 December 2013 – 11.03%

Treasury shares

At year-end 2015 Nordic Shipholding held nominally DKK 2,400 treasury shares, corresponding to 24,000 shares. The acquisition hereof was part of the preparations for the IPO, and the Company has not acquired treasury shares since its listing in 2007.

Dividend policy

No dividend will be distributed for the financial year 2015, and Nordic Shipholding does not expect to distribute any dividend for the financial year 2016. Currently, the Company does not have a dividend policy.

Procedures for election of members to the Board of Directors

All the members are elected to the Board of Directors at the General Meeting.

Procedures for making amendments to the articles of association

Resolutions to amend the Company's articles of association are passed at the General Meeting.

Financial calendar 2016

Annual Report 2015	16 March 2016
Ordinary general meeting	12 April 2016
Interim report - Q1 2016	25 May 2016
H1 interim report 2016	24 August 2016
Interim report - Q3 2016	22 November 2016

Board of Directors and Executive Management

Board of Directors

Knud Pontoppidan
Chairman of the Board.
Born 1944. Elected to the Board of Directors on 22 April 2010.

Background:
Former Chairman and Managing Director of Danish Shipowners' Association and Executive Vice President in A.P. Møller-Maersk A/S.

Education:
LLM (cand. jur.), University of Copenhagen.

Other management duties, etc.:
Chairman of the Board of Directors of Through Transport Mutual Insurance Association Ltd. and TT Club Mutual Insurance Ltd.
Member of the Board of Directors of Ejendomsselskabet Absalon A/S, SeaMall ApS, Stiftelsen Sorø Akademi and Soransk Samfunds Boligfond
CEO of Seamall Invest ApS and K. Pontoppidan ApS.

Knud Pontoppidan is considered independent.

Jon Robert Lewis
Deputy Chairman of the Board.

Born 1962. Elected to the Board of Directors on 17 December 2013.

Background:
Partner, Managing Director and Group General Counsel of PAG.

Education:
Graduate from Cornell University and the University of Michigan Law School.

Other management duties, etc.:
Member of the Board of Directors of Ariel Asset Daebu Yuhanhoesa, Asia Sapphire Pte. Ltd., Asia Pragati Capfin Private Limited, China Equity Investments Designed Activity Company (formerly known as: China Equity Investments Limited), DBZ (Cyprus) Limited, Indigo Star Investments Limited, Nordic Maritime S.à r.l., Numen Holding B.V., Pacific Alliance Group Asset Management Limited, Pacific Alliance Group Limited, Pacific Alliance Holding Coöperatief U.A., Pacific Alliance Special Situations Management Limited, Pacific Alliance-FF Management Limited, Pacific Alliance-W Management Limited, PACL Secretaries Limited, PAFF Secretaries Limited, PAG Asia Capital GP I Limited, PAG Asia Capital GP II Limited, PAG Asia Loan Limited, PAG Asia Loan Management Limited, PAG Asia Loan Management II Limited, PAG China Equity Investment Management Limited, PAG China Investment Limited, PAG China Limited, PAG Consulting Australia Pty Ltd., PAG Holdings Limited, PAG IPR Holdings Limited, PAG Japan Limited, PAG Quantitative Strategies Investment Management Limited, PAG Quantitative Strategies Limited, PAG Quantitative Strategies Management Limited, PAG Real Estate (HK) Limited, PAG Real Estate Limited, PAG Real Estate GP

Limited, PAG Real Estate Value Limited, PAG Secretaries Limited, PAG Special Situations Limited, Pacific Alliance Special Situations Management Limited, PAG Special Situations Management II Limited, PAIM GP I Limited, PAIM GP II Limited, PAIM Secretaries Limited, PAL GP I Limited, PAL GP II Limited, PA-LF Secretaries Limited, PA-LF2 Secretaries Limited, PARE Secretaries Limited, PASS Secretaries Limited, PASS2 Secretaries Limited, PA-W Secretaries Limited, PAX Secretaries Limited, PREP Secretaries Limited, SCJREP IV HK Limited, Truman Holding B.V., PAG Enhanced Credit Limited, PAG Enhanced Credit Management Limited.

Jon Robert Lewis is not considered independent due to his relationship with the major shareholder of the Company.

Kristian V. Mørch
Member of the Board.
Born 1967. Elected to the Board of Directors on 20 April 2012.

Background:

CEO of Odfjell SE, listed on Oslo Stock Exchange. Previously Partner & CEO of Clipper Group and before that 23 years with A.P. Møller-Maersk A/S.

Education:
Shipping education from A.P. Møller-Maersk, MBA from IMD Lausanne Switzerland, Advanced Management Program from Harvard Business School.

Other management duties, etc.:
On the Board of Odfjell Company and joint ventures

Kristian V. Mørch is considered independent.

Kanak Kapur
Member of the Board.
Born 1970. Elected to the Board of Directors on 14 April 2015.

Background:
Partner in PAG.

Education:
MBA from NYU Stern School of Business

Other management duties, etc.:
Intero Investments Limited
Bremen Developments Limited
Asia Pragati Capfin Private Limited
Maritime Asia Diamond Pte. Ltd.

Kanak Kapur is not considered independent due to his relationship with the major shareholder of the Company.

Philip Clausius
Chief Executive Officer (CEO)
Born 1968. Elected to the Board of Directors on 17 December 2013.

Background:
Previously CEO of FSL Trust Management Pte. Ltd.

Education:
Graduate degree (Diplom-Betriebswirt) in Business Administration from the European Business School, Germany.

Other management duties, etc.:
Member of the Board of Directors of the Singapore-incorporated subsidiaries of Nordic Shipholding A/S Group, CEO and Director of Transport Capital Pte. Ltd., Director of Transport Capital Holdings Pte. Ltd. and its subsidiaries, Maritime Asia Diamond Pte. Ltd., APSE SPV1 Pte. Ltd., APSE SPV2 Pte. Ltd., APSE SPV3 Pte. Ltd., APSE SPV4 Pte. Ltd., BW Pacific Limited, Wellard Limited, The Standard Club Ltd, The Standard Club Asia Ltd and Bengal Tiger Line Pte. Ltd.

Advisory board member of Singapore Maritime Foundation, Supervisor to the Board of Columbia Shipmanagement (Shanghai) Co., Ltd. and Columbia Crew Management (Shanghai) Co., Ltd. and Deputy Chairman of The Singapore War Risks Mutual (SWRM) Class Committee.

Philip Clausius is not considered independent as he is the CEO of the Company.

Executive Management

Philip Clausius
Born 1968. CEO since 2 January 2014.

As Philip Clausius is also a director of Nordic Shipholding, please see his profile under Board of Directors.

Board members' shares

Board members' ownership of shares in Nordic Shipholding A/S at 31 December 2015

Board Member	Shares owned
Knud Pontoppidan	102,052
Jon Robert Lewis	-
Kristian V. Mørch	4,400
Kanak Kapur	-
Philip Clausius	-

Management Statement

We have today considered and approved the annual report of Nordic Shipholding A/S for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and Company's financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of their financial performance and their cash flows for the financial year 1 January – 31 December 2015.

Furthermore, in our opinion the management review gives a true and fair review of the development in the Group's and the Company's operations and financial matters, the results of the Group and the Company for the year and the financial position as a whole, and describes the significant risks and uncertainties facing the Group and the Company.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 16 March 2016

Executive Management

Philip Clausius
CEO

Board of Directors

Knud Pontoppidan
Chairman of the Board of Directors

Jon Robert Lewis
Deputy Chairman of the Board of Directors

Kristian V. Mørch

Kanak Kapur

Philip Clausius

Independent Auditor's Report

To the Shareholders of Nordic Shipholding A/S

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Nordic Shipholding A/S for the financial year 1 January to 31 December 2015, which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flow and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view 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 Parent Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2015 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Hellerup, 16 March 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no.: 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant

Annette Skou Thomsen
State Authorised Public Accountant

Financial Statements

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

		Company		Group	
Note	**Amounts in USD thousand**	**2015**	**2014**	**2015**	**2014**
3	Total revenue	-	2,911	46,777	50,104
	Voyage related expenses	(36)	(1,785)	(11,710)	(23,015)
	Time charter equivalent revenue (TCE revenue)	**(36)**	**1,126**	**35,067**	**27,089**
	Other income	-	8	-	132
	Expenses related to the operation of vessels	(28)	(587)	(14,768)	(17,124)
4	Staff costs	(215)	(97)	(215)	(97)
5	Other external costs	(1,293)	(2,296)	(1,846)	(3,182)
	Earnings before depreciation (EBITDA)	**(1,572)**	**(1,846)**	**18,238**	**6,818**
6	Depreciation	-	(308)	(6,693)	(6,197)
6	Reversal of impairment loss	-	-	5,778	5,194
	Operating result (EBIT)	**(1,572)**	**(2,154)**	**17,323**	**5,815**
7	Reversal of write-down/(Write-down) of investments	15,471	(375)	-	-
8	Gain from disposal of vessel	-	5,717	-	-
9	Financial income	1,376	450	-	26
10	Financial expenses	(192)	(213)	(3,719)	(3,426)
	Result before tax	**15,083**	**3,425**	**13,604**	**2,415**
11	Tax on result	-	(18)	6	(67)
	Result after tax	**15,083**	**3,407**	**13,610**	**2,348**

Statement of comprehensive income for the period 1 January - 31 December (continued)

		Company		Group	
Note	**Amounts in USD thousand**	**2015**	**2014**	**2015**	**2014**
	Other comprehensive income that are or may be reclassified to the income statement	**-**	**-**	**-**	**-**
	Total comprehensive income	**15,083**	**3,407**	**13,610**	**2,348**
	Distribution of result				
	Parent Company	15,083	3,407	13,610	2,348
	Non-controlling interest	-	-	-	-
		15,083	**3,407**	**13,610**	**2,348**
	Distribution of comprehensive income				
	Parent Company	15,083	3,407	13,610	2,348
	Non-controlling interest	-	-	-	-
		15,083	**3,407**	**13,610**	**2,348**
12	Earnings per share (EPS) (USD)			0.03	0.01
12	Diluted earnings per share (USD)			0.03	0.01

Statement of financial position
- Assets at 31 December

		Company		Group	
Note	**Amounts in USD thousand**	**2015**	**2014**	**2015**	**2014**
	Non-current assets				
13	Vessels and docking	-	-	120,652	119,692
	Tangible assets	**-**	**-**	**120,652**	**119,692**
14	Investment in subsidiaries	60	223	-	-
18	Other financial assets	121	185	121	185
	Financial assets	**181**	**408**	**121**	**185**
	Total non-current assets	**181**	**408**	**120,773**	**119,877**
	Current assets				
	Lubricant stocks	-	-	1,340	2,385
15	Trade receivables	-	-	6,013	7,587
16	Receivables from related companies	46,516	28,773	-	-
17	Other receivables	180	264	2,177	2,167
	Total receivables	**46,696**	**29,037**	**9,530**	**12,139**
18	Cash & cash equivalents	82	2,297	6,634	4,489
	Total current assets	**46,778**	**31,334**	**16,164**	**16,628**
	Total assets	**46,959**	**31,742**	**136,937**	**136,505**

Statement of financial position
- Equity and Liabilities at 31 December

		Company		Group	
Note	**Amounts in USD thousand**	**2015**	**2014**	**2015**	**2014**
21	Share capital	7,437	7,437	7,437	7,437
	Retained earnings	39,256	24,173	36,724	23,114
	Restricted reserves	-	-	-	-
	Equity, parent company	**46,693**	**31,610**	**44,161**	**30,551**
	Equity, non-controlling interests	-	-	-	-
	Total equity	**46,693**	**31,610**	**44,161**	**30,551**
	Liabilities				
18	Other financial liabilities	121	-	-	-
19	Finance loans, etc.	-	-	77,230	95,829
	Non-current liabilities	**121**	**-**	**77,230**	**95,829**
19	Finance loans, etc.	-	-	9,169	4,018
20	Trade payables	108	95	6,340	6,064
	Corporation tax	37	37	37	43
	Total current liabilities	**145**	**132**	**15,546**	**10,125**
	Total liabilities	**266**	**132**	**92,776**	**105,954**
	Liabilities and equity	**46,959**	**31,742**	**136,937**	**136,505**

For information about treasury shares and share capital please refer to Note 21.

Statement of changes in equity - Company

Amounts in USD thousand	Share-capital	Retained earnings	Restricted reserves	Total equity
Shareholders' equity at 1 January 2015	**7,437**	**24,173**	**-**	**31,610**
Result for the year	-	15,083	-	15,083
Other comprehensive income that are or may be reclassified to the income statement	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income	-	15,083	-	15,083
Shareholders' equity at 31 December 2015	**7,437**	**39,256**	**-**	**46,693**
Shareholders' equity at 1 January 2014	**7,437**	**(37,500)**	**58,266**	**28,203**
Transfer from restricted reserves to retained earnings	-	58,266	(58,266)	-
Result for the year	-	3,407	-	3,407
Other comprehensive income that are or may be reclassified to the income statement	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income	-	3,407	-	3,407
Shareholders' equity at 31 December 2014	**7,437**	**24,173**	**-**	**31,610**

Statement of changes in equity - Group

Amounts in USD thousand	Share-capital	Retained earnings	Restric-ted res-erves	Equity parent com-pany	Equity group
Shareholders' equity at 1 January 2015	**7,437**	**23,114**	**-**	**30,551**	**30,551**
Result for the year	-	13,610	-	13,610	13,610
Other comprehensive income that are or may be reclassified to the income statement	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income	-	13,610	-	13,610	13,610
Shareholders' equity at 31 December 2015	**7,437**	**36,724**	**-**	**44,161**	**44,161**
Shareholders' equity 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 year	-	2,348	-	2,348	2,348
Other comprehensive income that are or may be reclassified to the income statement	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income	-	2,348	-	2,348	2,348
Shareholders' equity at 31 December 2014	**7,437**	**23,114**	**-**	**30,551**	**30,551**

Statement of cash flow
1 January - 31 December

	Company		Group	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Operating result (EBIT)	**(1,572)**	**(2,154)**	**17,323**	**5,815**
Depreciation and write-downs	-	308	6,693	6,197
Reversal of impairment	-	-	(5,778)	(5,194)
Non-cash financial expenses	(6)	(8)	(29)	28
Changes in inventories	-	181	1,045	279
Changes in receivables	85	509	1,565	1,638
Changes in liabilities	19	(1,175)	276	418
Paid financial expenses	-	(230)	(3,446)	(3,494)
Receipt of/(Paid) taxes during the year	-	3	-	(64)
Cash flow from operating activities	**(1,474)**	**(2,566)**	**17,649**	**5,623**
Investments in tangible assets	-	-	(1,875)	(2,525)
Cash flow from investment activities	**-**	**-**	**(1,875)**	**(2,525)**
Loans (to)/from subsidiaries	(741)	4,440	-	-
Repayment of finance loans	-	-	(13,629)	-
Repayment of working capital loan	-	-	-	(4,000)
Cash flow from financing activities	**(741)**	**4,440**	**(13,629)**	**(4,000)**
Cash flow for the year	**(2,215)**	**1,874**	**2,145**	**(902)**
Cash as of 1 January	**2,297**	**423**	**4,489**	**5,391**
Cash at the end of the year	**82**	**2,297**	**6,634**	**4,489**

List of Notes

1. Significant accounting estimates, assumptions and uncertainties

Nordic Shipholding's annual report, which includes the consolidated financial statements and the financial statements of the Company, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies (reporting class D). The accounting policies are described in Note 2.

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 relate to:

- measurement of vessels, and
- 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 vessels

Vessels are tested for impairment if there are indications of impairment. The Company evaluates the carrying amount of vessels within two cash generating units – vessel deployed in 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.

The impairment tests are based on value in use calculations and net realisable values assessed by leading and independent international ship brokers, which are compared to the carrying amount of the assets within each of the cash generating units.

The carrying amount of the Group's vessels may not necessarily represent their actual market value at any point in time as market prices of second-hand vessels to a certain degree fluctuate with changes in charter rates and the cost of new-buildings.

If the estimated future cash flow or related assumptions change permanently, it may be necessary to reduce the carrying amount of vessels for the cash generating units.

There was no impairment loss recognised in 2015 (2014: USD nil). However, the Group partially reversed the impairment loss recognised in 2012 for the vessels deployed in the Handytankers Pool of USD 5.8 million in 2015 (2014: USD 5.2 million for Nordic Anne). The carrying amount of vessels at 31 December 2015 amounted to USD 120.7 million (2014: USD 119.7 million).

Based on the continuing uncertain shipping environment, management has assessed and concluded not to write-back any additional portion of the impairment loss recognised in 2012 for Nordic Anne.

Please refer to Note 6 for more information about the impairment tests performed.

Depreciation periods

Depreciation on vessels is material for the Company. 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 annual depreciation. The carrying amount of vessels as of 31 December 2015 amounted to USD 120.7 million (2014: USD 119.7 million).

2. Accounting policies

Basis of preparation
The annual report of Nordic Shipholding A/S includes the consolidated financial statements and the financial statements of the Company, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies (reporting class D). The accounting policies are consistent with those applied to the annual report for 2014 with the exception of the adjustments resulting from the implementation of new and revised standards and interpretation as described below.

Adoption of new and amended IFRSs
Based on an assessment of new or amended and revised accounting standards and interpretations ('IFRSs') issued by IASB and IFRSs endorsed by the European Union effective on or after 1 January 2015, it has been assessed that the application of these new IFRSs has not had a material impact on the consolidated financial statements in 2015, and management does not anticipate any significant impact on future periods from the adoption of these new IFRSs.

New or amended IFRSs that have been issued but have not yet come into effect and have not been early adopted
In addition to the above, IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet come into effect. The following standards are in general expected to have significant effect on current accounting regulations:

- IASB has issued IFRS 9 'Financial Instruments', with effective date on 1 January 2018. It currently awaits EU endorsement. IFRS 9 is part of the IASB's project to replace IAS 39, and the new standard will substantially change the classification and measurement of financial instruments and hedging requirements.

- IASB has issued IFRS 15 'Revenue from contracts with customers', with effective date on 1 January 2018. It currently awaits EU endorsement. IFRS 15 is part of the convergence project with FASB to replace IAS 11 and IAS 18. The new standard will establish a single, comprehensive framework for revenue recognition.

- IASB has issued IFRS 16 'Leases', with effective date on 1 January 2019. It currently awaits EU endorsement. IFRS 16 is a part of the convergence project with FASB to replace IAS 17. The standard requires to recognise assets and liabilities for most leases.

Management have assessed the impact of the new standards and determined that they will not have any significant impact on the consolidated financial statements.

Accounting Policy

Consolidated financial statements
The consolidated financial statements include Nordic Shipholding (Company) and the enterprises (subsidiaries) which are controlled by the Company. Control is presumed to exist when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Entities which are by agreement managed jointly with one or more other enterprises are considered to be joint operations which are accounted for by proportionate consolidation.

Basis of consolidation

The consolidated financial statements have been prepared on the basis of the accounts of Nordic Shipholding and its subsidiaries and joint operations. 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.

Investments in joint operations are recognised and measured in the consolidated financial statements pro rata with the Group's ownership interest and presented on a line-by-line basis in the consolidated financial statements. The proportionate share of the results of the entities after tax and elimination of unrealised proportionate intercompany profits and losses is recognised in the income statement. The proportionate share of all transactions and events recognised directly in the other comprehensive income and equity of the joint operations is recognised in Group equity.

Foreign currency translation

The functional and presentation currency of the Company 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, 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.

Segment information

Nordic Shipholding has only one segment: Product Tankers. The Company therefore does not disclose segment information.

Share-based payment
Nordic Shipholding has a warrant scheme for the Company's Executive Board and employees. The scheme is equity-settled and recognised according to IFRS 2, Share-based Payment, which requires companies to measure the equity instruments at fair value at the grant date and to recognise them as an expense under staff costs allocated over the vesting period. The related set-off entry is recognised in equity. The fair value at the grant date is calculated using the Black-Scholes model.

The warrant program for former employees is fully expensed and has expired in May 2015.

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, and
- costs relating to the transaction can be measured reliably

<u>Pool arrangement</u>
Nordic Shipholding generates its revenue primarily through pool arrangements. Total pool revenue is generated from each vessel participating in the pool. The pool measures revenue based on the contractual rates and the duration of each voyage, and revenue is recognised in the income statement upon delivery of service in accordance with terms and conditions of the charter parties. The pools are regarded as joint operations, and the Group's share of items in the income statement and balance sheet in the respective pools is accounted for by recognising a proportional share, based on participation in the pool, combining items of a uniform nature. The Group's share of pool revenue is primarily dependent on the i) number of days the Group's vessels have been available for the pools in relation to the total available pool earning days during the period, and ii) pool points assigned to each vessel in the pool.

<u>Time charter</u>
The Group leases its LR1 vessel to a lessee under fixed rate time-charter arrangement. This charter is classified as operating lease. Lease income is recognised in the income statement on a straight-line basis over the lease term.

Voyage related expenses
These are expenses related to Nordic Shipholding's vessels managed in a pool. 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.

Staff costs
Staff costs comprise directors' fees, wages and salaries and social security costs and are recognised as incurred.

Other external costs
Other external costs comprise administrative expenses.

Depreciation and write downs
Depreciation on fixed assets pertains mainly to vessels and dry-dockings (see '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 differences, fair value change in derivative financial instrument and write-off of investments. 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
Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the financial year end.

No provision is made for taxation on qualifying shipping income derived from the operation of the Group's vessels held by Singapore-incorporated entities which is exempt from taxation under Section 13A of the Singapore Income Tax Act. The Singapore-incorporated entities are subject to tax on its non-tax exempt income such as other income at the prevailing corporate tax rate, after adjusting for allowable expenses.

Prior to the transfer of Nordic Anne to a Singapore-incorporated entity by the Company during 2014, corporate income tax payable by the Company has been provided for at a rate of 25% of taxable income calculated 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 was provided for in accordance with local legislation in 2014.

Deferred tax assets are recognised to the extent that it is probable that they can be utilised against future taxable income.

Earnings per share and diluted earnings per share
Earnings per share is calculated as the profit or loss for the year compared to the weighted average of the issued shares in the financial year. The basis for the calculation of diluted earnings per share is the weighted average number of shares in the financial year adjusted for the dilutive effect of warrants.

Statement of financial position

Property, plant and equipment
Property, plant and equipment includes vessels, upgrade costs and dockings, 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 taken to the income statement.

Depreciation is charged over the expected economic lives of the assets, and the depreciation methods, expected lives and residual values are reassessed individually for the assets at the end of each financial year.

Vessels 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 Nordic Shipholding 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.

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 to the next scheduled dry-docking. 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.

Impairment tests
Vessels are tested for impairment when 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 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.

The fair value of vessel is usually determined based on the estimated selling price assessed by external brokers 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 the cash-generating unit is first allocated to goodwill and subsequently 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 for other assets than goodwill 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.

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

Receivables
Receivables comprise trade receivables, loans and other receivables. Receivables are classified as loans and 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 done individually using a provisions account.

Prepayments
Prepayments recognised under assets comprise paid-up expenses relating to the subsequent financial year. Prepayments are measured at cost.

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.

Treasury shares
Acquisition costs and consideration for treasury shares and dividend on treasury shares are recognised directly as retained earnings in 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.

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

Derivative financial instruments and hedging activities
The Group holds derivative financial instruments to hedge its interest rate risk exposures. Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges
Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income and transferred to hedging reserve in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects profit or loss.

Cash flow statement

The consolidated and 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 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.

Cash and cash equivalents comprise cash at bank and cash held by the master of the respective vessels.

Investments in subsidiaries in the financial statements of the Company

Investments in subsidiaries are measured at cost. If the cost price exceeds the recoverable amount of the investment, it is written down to this lower amount. The recoverable amount is defined as the higher of the fair value of the subsidiary less costs of sale 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 enterprise in question for which the estimates of future cash flows have not been adjusted.

Dividends received from subsidiaries and associates are recognised in statement of comprehensive income.

3. Revenue

Amounts in USD thousand	Company 2015	Company 2014	Group 2015	Group 2014
Revenue	-	2,911	46,777	50,104
Total revenue	**-**	**2,911**	**46,777**	**50,104**

Despite the higher TCE revenue earned in 2015 by the Group, the lower gross revenue in 2015 was due to the recognition of time charter income in gross revenue as Nordic Anne was deployed on time charter from December 2014.

Subsequent to transfer of its vessel Nordic Anne to a related entity incorporated in Singapore in 2014, the Company no longer generates freight revenue.

The time charter revenue generated from Nordic Anne, who is deployed on a 3-year time charter with a creditworthy customer, accounted for more than 10% of the Group's total revenue in 2015.

There was no single customer who accounted for more than 10% of the Group's total revenue in 2014.

4. Staff costs

Amounts in USD thousand	Company 2015	Company 2014	Group 2015	Group 2014
Staff costs				
Wages and salaries	(215)	(97)	(215)	(97)
Total staff costs	**(215)**	**(97)**	**(215)**	**(97)**
Of which:				
Board of Directors:				
Remuneration to the Board of Directors	(77)	(97)	(77)	(97)
Average number of full-time employees^	1	-	1	-

^ The average number excludes the CEO of the Company.

Nordic Shipholding A/S has entered into a corporate management agreement with Transport Capital Pte. Ltd. ('Transport Capital') for the day to day management and operation of the Company. As part of the management agreement, Transport Capital provides a CEO for the Company. The CEO is not remunerated.

Refer to Note 22 for related party transactions for the fees paid to Transport Capital Pte. Ltd., the corporate manager for the Group, during the year.

5. Auditor fee

Amounts in USD thousand	Company 2015	Company 2014	Group 2015	Group 2014
Statutory audit of annual accounts	(97)	(136)	(189)	(227)
Other assurance services	-	-	-	(100)
Tax advices	(89)	(68)	(110)	(67)
Other assistance	(85)	(285)	(102)	(202)
Total fees	**(271)**	**(489)**	**(401)**	**(596)**

The above is for the corporate auditor, PricewaterhouseCoopers. The figures for 2015 and 2014 include fees for statutory audits in Singapore.

6. Depreciation and reversal of impairment loss

	Company		Group	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Depreciation - tangible assets	-	(308)	(6,693)	(6,197)
Reversal of impairment loss - tangible assets	-	-	5,778	5,194

Impairment test
In accordance with IAS 36, tangible assets are tested if there are indications of impairment. Any impairment tests are performed in accordance with IAS 36.

Impairment assessment of tangible assets - Vessels and dry-docking
The management assessed the performance of the five vessels (Nordic Ruth, Nordic Pia, Nordic Hanne, Nordic Agnetha and Nordic Amy) together as they are managed by the same pool manager, Handytankers pool ('Handytankers vessels') whereas Nordic Anne is deployed under a 3-year time charter arrangement. Hence, for impairment assessment, the Company's policy is to evaluate the carrying amount of Handytankers vessels as one cash-generating unit ('CGU') and Nordic Anne as another CGU to determine whether events have occurred that would require an adjustment to the recognised value of the vessels.

According to Nordic Shipholding's accounting policies regarding impairment tests, a write-down is made to the higher of an estimated sale price less cost of sale or calculated net present value for each CGU. The estimated sale price is based on valuations from accredited independent shipbrokers.

In 2015, the freight rates increased significantly, consequently the independent broker valuations (based on comparable sales i.e. level 2) and value in use calculations for these vessels were materially higher than the carrying amount of the vessels after the impairment in 2012. As a result hereof, 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.

In 2014, the Group reversed partially the impairment loss recognised in 2012 for Nordic Anne of USD 5.2 million. In consideration of the volatile shipping environment, management assessed and decided not to reverse additional impairment loss for Nordic Anne in 2015 although the long-term value exceeds the carrying amount at year-end.

The value in use is calculated based on an increase in daily TCE and operating costs by 1% per annum and 3.0% per annum, respectively, and a pre-tax discount rate of 8.33%.

The value in use calculation is sensitive to fluctuations in freight rates. As an indication of this sensitivity, a fluctuation of 5% on the daily long-term TCE would, all things being equal, change the calculated value in use by USD 2.6 million (USD 2.1 million) for the LR1 tanker and USD 12.0 million (USD 11.0 million) for the 5 Handytankers vessels. An impairment would depend on a decrease in both the calculated value in use and independent broker valuation.

7. Reversal of write-down/(Write-down) of investments in subsidiaries

	Company		Group	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Write-down of investments in subsidiaries	-	(375)	-	-
Reversal of write-downs of investments in subsidiaries	15,471	-	-	-
Total write-down of investments in subsidiaries	**15,471**	**(375)**	**-**	-

For further information about investment in subsidiaries, please refer to Note 14, and for information regarding impairment test, please refer to Note 6.

8. Gain from disposal of vessel

	Company	
Amounts in USD thousand	**2015**	**2014**
Disposal of vessel Nordic Anne	-	5,717
Total gain from disposal of vessel	**-**	**5,717**

Subsequent to the restructuring in December 2013, the Company transferred its vessel Nordic Anne to a related entity incorporated in Singapore in 2014. The sale price for the vessel, based on the average of two valuations obtained from accredited independent shipbrokers, was higher than the net book value of the vessel at the time of transfer. Hence, the Company recognised a gain of USD 5.7 million arising from the transfer of Nordic Anne.

9. Financial income

	Company		Group	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Income from exchange rate adjustments	-	-	-	15
Interest income on intercompany loans	1,376	450	-	-
Other financial income	-	-	-	11
Total financial income	**1,376**	**450**	**-**	**26**

10. Financial expenses

	Company		Group	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Financial expenses to bank	-	-	(55)	(26)
Interest on mortgage debt	-	(206)	(3,362)	(3,400)
Fair value adjustment from valuation of interest rate cap	-	-	(114)	-
Write-down of financial assets	(184)	-	(184)	-
Expenses from exchange rate adjustments	(8)	(7)	(4)	-
Total financial expenses	**(192)**	**(213)**	**(3,719)**	**(3,426)**
Total net financial income and expenses	**1,184**	**237**	**(3,719)**	**(3,400)**

11. Tax for the year

	Company		Group	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Current tax expense	-	(18)	6	(67)
Tax for the year recognised in the income statement	**-**	**(18)**	**6**	**(67)**
Result before tax	15,083	3,425	13,604	2,415
- of which subject to tonnage taxation or other schemes	-	(4,097)	(13,604)	(2,415)
Adjusted result before tax	**15,083**	**(672)**	**-**	**-**
Calculated tax at 23.5% (2014: 24.5%)	**3,545**	**(165)**	**-**	**-**
Tonnage tax	-	(18)	-	(18)
Adjustment due to different tax schemes, foreign entities	-	-	-	(49)
Income not subject to tax	(3,636)	-	-	-
Tax assets not recognised	91	165	-	-
Adjustment of tax for previous years	-	-	6	-
	-	**(18)**	**6**	**(67)**

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

The Company entered the tonnage tax scheme from 2002 to 2014. 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 as at 31 December 2015 (2014: USD NIL). Value of unrecognised tax losses amounted to USD 0.3 million (2014: USD 0.2 million).

There are no unrecognised tax liabilities associated with investments in foreign subsidiaries and joint ventures in 2015 and 2014.

12. Earnings per share

	Group	
Amounts in USD thousand	**2015**	**2014**
Earnings per share (EPS)		
Profit for the Company's shareholders	13,610	2,348
Number of shares used in calculation of earnings per share:		
Weighted average number of outstanding shares	406,158,403	406,158,403
Number of treasury shares	(24,000)	(50,700)
Number of shares used in calculation	**406,134,403**	**406,107,703**
For continuing operations:		
Earnings per share (USD)	0.03	0.01
Diluted earnings per share (USD)^	0.03	0.01
In accordance with IAS 33, the weighted average number of shares, when calculating diluted earnings, equals calculation of earnings per share, as the inclusion of potential shares would improve earnings per share.		
As of 31 December, the number of warrants excluded from calculating the average number of shares in calculation of diluted earnings per share is:	-^	1,105,500

^ Warrants expired in May 2015

Please refer to Note 23 for share-based payment. No dividends is proposed for 2015 (2014: NIL).

13. Vessels and docking

Group 2015

Amounts in USD thousand	Vessels and Docking
Cost at 1 January	189,899
Additions during the year	1,875
Cost at 31 December	**191,774**
Depreciation and write-down at 1 January	(70,207)
Depreciation during the year	(6,693)
Reversal of impairment loss	5,778
Depreciation and write-down at 31 December	**(71,122)**
Book value at 31 December	**120,652**

The carrying amount of vessels pledged as security for finance loans in the Group is USD 120.7 million.

Geographical split of tangible assets:	
Singapore	120,652
	120,652

Company 2014

Amounts in USD thousand	Vessel and Docking
Cost at 1 January	52,713
Disposal during the year	(52,713)
Cost at 31 December	**-**
Depreciation and write-down at 1 January	(26,872)
Depreciation during the year	(308)
Disposal during the year	27,180
Depreciation and write-down at 31 December	**-**
Book value at 31 December	**-**

Group 2014

Amounts in USD thousand	Vessels and Docking
Cost at 1 January	187,374
Additions during the year	2,525
Cost at 31 December	**189,899**
Depreciation and write-down at 1 January	(69,204)
Depreciation during the year	(6,197)
Reversal of impairment loss	5,194
Depreciation and write-down at 31 December	**(70,207)**
Book value at 31 December	**119,692**

The carrying amount of vessels pledged as security for finance loans in the Group is USD 119.7 million.

Geographical split of tangible assets:	
Singapore	119,692
	119,692

14. Investments in subsidiaries

	Company	
Amounts in USD thousand	**2015**	**2014**
Cost at 1 January	41,799	41,799
Additions during the year	-	-
Disposals during the year	(41,739)	-
Cost at 31 December	**60**	**41,799**
Write-down at 1 January	(56,986)	(90,448)
Additions	41,515	33,837
Reversal of write-down	15,471	-
Write-down	-	(375)
Write-down at 31 December	**-**	**(56,986)**
Carrying amount before offset	**60**	**(15,187)**
Offset against intercompany receivables	-	15,410
Carrying amount at 31 December	**60**	**223**

Nordic Shipholding B.V. and Delfman Shipping B.V. were liquidated in 2015.

Company summary	**Primary operations**	**Domicile**	**Owner-* ship %**	**Voting * right %**
Subsidiaries for Nordic Shipholding A/S				
Nordic Shipholding Singapore Pte. Ltd.	Investment holding company	Singapore	100	100
Subsidiaries for Nordic Shipholding Singapore Pte. Ltd.				
Nordic Agnetha Pte. Ltd.	Shipowning company	Singapore	100	100
Nordic Amy Pte. Ltd.	Shipowning company	Singapore	100	100
Nordic Anne Pte. Ltd.	Shipowning company	Singapore	100	100
Nordic Hanne Pte. Ltd.	Shipowning company	Singapore	100	100
Nordic Pia Pte. Ltd.	Shipowning company	Singapore	100	100
Nordic Ruth Pte. Ltd.	Shipowning company	Singapore	100	100

15. Trade receivables

	Company		**Group**	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Receivables from freight	-	-	6,013	7,587
Total trade receivables	**-**	**-**	**6,013**	**7,587**

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

Group					
2015	**0 to 30 days USD'000s**	**31 to 60 days USD'000s**	**61-90 days USD'000s**	**After 91 days USD'000s**	**Total USD'000s**
Trade receivables	5,192	310	126	385	6,013
Total	**5,192**	**310**	**126**	**385**	**6,013**
2014					
Trade receivables	6,653	228	73	633	7,587
Total	**6,653**	**228**	**73**	**633**	**7,587**

16. Receivables from related companies

	Company		**Group**	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Receivables from subsidiaries	46,516	44,183	-	-
Write-down investment in subsidiaries	-	(15,410)	-	-
Total receivables from related companies	**46,516**	**28,773**	**-**	**-**

17. Other receivables

	Company		**Group**	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Pre-payments and deposits	164	186	1,116	1,143
Other receivables	16	78	1,061	1,024
Total other receivables	**180**	**264**	**2,177**	**2,167**

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

18. Financial risks and financial instruments

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

	Company		**Group**	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Other shares	-	185	-	185
Available-for-sale financial assets	**-**	**185**	**-**	**185**
Trade receivables	-	-	6,013	7,587
Receivables from subsidiaries	46,516	28,773	-	-
Other receivables	180	264	2,177	2,167
Cash	82	2,297	6,634	4,489
Loans, receivables and cash	**46,778**	**31,334**	**14,824**	**14,243**
Other financial asset-Interest rate cap	121	-	121	-
Other financial liability-Interest rate cap	(121)	-	-	-
Derivative instruments	**-**	**-**	**121**	**-**
Finance loans	-	-	86,399	99,847
Trade payables	108	95	6,340	6,064
Financial liabilities measured at amortised cost	**108**	**95**	**92,739**	**105,911**

Fair value hierarchy for financial instruments measured at fair value in the balance sheet

Financial instruments measured at fair value are classified below in accordance with the fair value hierarchy:

- Quoted prices in an active market for identical instruments (level 1).
- Quoted prices in an active market for similar assets or liabilities or other valuation methods where all significant inputs are based on observable market data (level 2).
- Valuation methods where any significant inputs are not based on observable market data (level 3).

Methods and assumptions in determining fair value

Other shares:
Other shares are measured at fair value by applying valuation methods.

Interest rate cap:
Interest rate cap is measured at fair value by applying valuation methods.

Other financial assets and liabilities:
The carrying amounts of financial assets and liabilities (including trade and other receivables, cash and cash equivalents and trade payables) corresponds to fair value.

Company

2015	**Level 1 USD'000s**	**Level 2 USD'000s**	**Level 3 USD'000s**	**Total USD'000s**
Other shares	-	-	-	-
Available-for-sale financial assets	**-**	**-**	**-**	**-**
Interest rate cap	-	121	-	121
Derivative asset	**-**	**121**	**-**	**121**
Interest rate cap	-	121	-	121
Derivative liability	**-**	**121**	**-**	**121**

2014	**Level 1 USD'000s**	**Level 2 USD'000s**	**Level 3 USD'000s**	**Total USD'000s**
Other shares	-	-	185	185
Available-for-sale financial assets	**-**	**-**	**185**	**185**

Group

2015	**Level 1 USD'000s**	**Level 2 USD'000s**	**Level 3 USD'000s**	**Total USD'000s**
Other shares	-	-	-	-
Available-for-sale financial assets	**-**	**-**	**-**	**-**
Interest rate cap	-	121	-	121
Derivative asset	**-**	**121**	**-**	**121**

2014	**Level 1 USD'000s**	**Level 2 USD'000s**	**Level 3 USD'000s**	**Total USD'000s**
Other shares	-	-	185	185
Available-for-sale financial assets	**-**	**-**	**185**	**185**

Movement in Level 3

Amounts in USD thousand	Company and Group 2015	2014
Liabilities:		
Balance, beginning of period	-	-
Additions during the year	-	-
Recognised in income statement, profit and loss (gain)	-	-
Balance, end of year	**-**	**-**
Assets:		
Balance, beginning of period	185	141
Additions during the year	-	44
Write down to income statement	(185)	-
Balance, end of year	**-**	**185**

There were no transfers between level 1 and level 2 during the financial year.

Policy for managing financial risks

Due to its operations, investments and financing, the Group is exposed to fluctuations in foreign exchange rates and interest rates. The Company monitors and manages the Group's financial risks centrally and coordinates the Group's liquidity management, including funding. 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. Hence, when required, the Group uses financial instruments to hedge risks. For further information on accounting policies and methods, including recognition criteria and bases of measurement, see the section on accounting policies in Note 2.

Currency risks

The Group and the Company are mildly sensitive to exchange rate fluctuations as earnings and costs are primarily denominated in USD. No financial hedges have been made for the DKK, EUR and SGD exposure in 2015. The Group's policy is to review the currency exposure and hedge the risk if this is significant. The sensitivity towards changes in exchange rates is approximately USD 0 million for each percentage change in USD towards DKK, EUR and SGD combined (2014: USD 0 million).

Interest rate risks

In 2015, the Group obtained the approval of the lending banks and entered into an interest rate cap (through the Company) to partially hedge its upside exposure to interest rates increasing above a pre-determined rate. As at the year-end, the unhedged portion of the Group's debt is vulnerable to interest rate risks. Any changes in interest rates could therefore have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position. The notional amount of the interest rate cap entered into by the Company and Group is USD 48.0 million which amortises quarterly to USD 39.7 million at maturity date (31 December 2018). The strike rate of the interest rate cap is 2.50% per annum. This interest rate cap hedges approximately 56% of the Group's outstanding loans during the tenure of the cap, excluding the potential loan prepayments arising from the cash sweeps under the loan facility.

The Company entered into the interest rate cap with a third party ('original interest rate cap') and at the same time, entered into a separate interest rate cap agreement with Nordic Shipholding Singapore ('NSHS') at the same terms as the original interest rate cap. NSHS then entered into six separate interest rate cap agreements with the respective vessel-owning Singapore incorporated subsidiaries ('SIN SPCs'), with notional amounts corresponding to the prorata loan balance booked by each SIN SPCs. The aggregate notional amounts of the interest rate cap in the SIN SPCs correspond to the notional amount of the interest rate cap agreement between NSHS and the Company. At the Company level, the original interest rate cap is negated by the internal interest rate cap with NSHS. Hence, there is no hedge exposure at the Company level.

Group

Interest rate fluctuations affect the Group's finance loans. A one percentage point increase in interest rates compared with the realised interest level would have had an adverse impact of approximately USD 1.0 million (2014: USD 1.0 million) on results for the year and equity. A corresponding decrease in interest rates would have a corresponding positive impact on results for the year and equity.

Company

Interest rate fluctuations do not affect the Company in 2015 and 2014.

Date of revaluation/maturity – Group and Company

The Group's and Company's interest-bearing financial assets and liabilities expose them to interest rate risks. In respect of the Group's and Company's financial assets and liabilities, the following contractual dates of reassessment and maturity, whichever is earlier, are listed below.

Company

31.12.2015	**Within 1 year USD'000s**	**Between 1-5 years USD'000s**	**After 5 years USD'000s**	**Total USD'000s**
Cash and cash equivalents	82	-	-	82
Total	**82**	**-**	**-**	**82**
31.12.2014				
Cash and cash equivalents	2,297	-	-	2,297
Total	**2,297**	**-**	**-**	**2,297**

Group

31.12.2015	**Within 1 year USD'000s**	**Between 1-5 years USD'000s**	**After 5 years USD'000s**	**Total USD'000s**
Cash and cash equivalents	6,634	-	-	6,634
Finance loans, floating^	(9,000)	(77,371)	-	(86,371)
Total	**(2,366)**	**(77,371)**	**-**	**(79,737)**
31.12.2014				
Cash and cash equivalents	4,489	-	-	4,489
Finance loans, floating^	(4,000)	(25,040)	(70,960)	(100,000)
Total	**489**	**(25,040)**	**(70,960)**	**(95,511)**

^ excludes calculated interest not yet due on finance loans

Liquidity Risks

The Group needs to comply with minimum liquidity levels from 19 December 2014. Hence, the Group needs to monitor its liquidity carefully to ensure that it has sufficient liquidity to repay its scheduled interest payments and meet expected operational expenses. The Group's and Company's cash resources consist of cash, which is placed with a leading Nordic bank with good creditworthiness.

Cash resources consist of the following:	**Company**		**Group**	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Cash	82	2,297	6,634	4,489
Total	**82**	**2,297**	**6,634**	**4,489**

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. Such cash sweep is anticipated to be activated in 2016 in addition to the regular loan amortisation of USD 5.0 million.

Maturities of liabilities

The following table shows maturity of liabilities. The cashflows are shown including interests.

Company

2015	Book value USD'000s	Within 1 year USD'000s	Between 1-5 years USD'000s	After 5 years USD'000s	Total USD'000s
Non-derivative financial liabilities					
Trade payables	(108)	(108)	-	-	(108)
Total	**(108)**	**(108)**	**-**	**-**	**(108)**
2014					
Non-derivative financial liabilities					
Trade payables	(95)	(95)	-	-	(95)
Total	**(95)**	**(95)**	**-**	**-**	**(95)**

Group

2015	Book value USD'000s	Within 1 year USD'000s	Between 1-5 years USD'000s	After 5 years USD'000s	Total USD'000s
Non-derivative financial liabilities					
Finance loans, floating	(86,230)	(12,040)	(86,850)	-	(98,890)
Trade payables	(6,340)	(6,340)	-	-	(6,340)
Interest payable	(169)	(169)	-	-	(169)
Total	**(92,739)**	**(18,549)**	**(86,850)**	-	**(105,399)**
2014					
Non-derivative financial liabilities					
Finance loans, floating	(99,829)	(7,250)	(36,253)	(73,225)	(116,728)
Trade payables	(6,064)	(6,064)	-	-	(6,064)
Interest payable	(18)	(18)	-	-	(18)
Total	**(105,911)**	**(13,332)**	**(36,253)**	**(73,225)**	**(122,810)**

The fair value of the finance loans (level 3) is equal to the book value.

Breach of loan agreements

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

Credit risks

It is the Group's policy to cooperate with recognised pool partners and only grant credit to oil majors and other first class customers in order to minimise credit risks. As such, the Group's credit risk relates to receivables from these first class customers and oil majors from pool arrangements contracted with recognised business partners in the product 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.

Company				
2015	Within 1 year USD'000s	Between 1-5 years USD'000s	After 5 years USD'000s	Total USD'000s
Non-derivative financial assets				
Receivables related companies	46,516	-	-	46,516
Other receivables	180	-	-	180
Total	**46,696**	**-**	**-**	**46,696**
2014				
Non-derivative financial assets				
Receivables related companies	28,773	-	-	28,773
Other receivables	264	-	-	264
Total	**29,037**	**-**	**-**	**29,037**

Group				
2015	Within 1 year USD'000s	Between 1-5 years USD'000s	After 5 years USD'000s	Total USD'000s
Non-derivative financial assets				
Trade receivables	6,013	-	-	6,013
Other receivables	2,177	-	-	2,177
Total	**8,190**	**-**	**-**	**8,190**
2014				
Non-derivative financial assets				
Trade receivables	7,587	-	-	7,587
Other receivables	2,167	-	-	2,167
Total	**9,754**	**-**	**-**	**9,754**

	Company		Group	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Provision for doubtful debts	-	13	**197**	132
Provision for doubtful debts^	**-**	**13**	**197**	**132**

^ Included within Trade Receivables

19. Finance loans

As the Group has transferred all its vessels to separate legal entities in Singapore in 2014, the underlying loan for each vessel has also been transferred together. Hence, the Company no longer recognise a finance loan in its books after the transfer of its vessel to a separate legal entity in Singapore in 2014.

	Group	
Amounts in USD thousands	**2015**	**2014**
Finance loans		
Payables to lenders are recognised in the balance sheet as follows:		
Non-current liabilities	77,230	95,829
Current liabilities	9,169	4,018
	86,399	**99,847**

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

Currency	**Fixed/ floating**	**2015**	**2014**
Finance loans (USD)	floating	86,230	99,829
Calculated interest not yet due on finance loans		169	18
		86,399	**99,847**
Due within one year		9,169	4,018
Due between 1-2 years		6,680	5,000
Due between 2-3 years		6,680	6,680
Due between 3-4 years		6,680	6,680
Due between 4-5 years		57,190	6,680
Due after 5 years		-	70,789
		86,399	**99,847**

The loan agreements include change of control clauses, whereby the finance loans fall due by a change of controlling interest in the Company, change of more than 33% of the outstanding shares or voting rights, or change of more than 25% of the outstanding shares or voting rights combined with a change in the members of the Board of Directors.

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. Such cash sweep is anticipated to be activated in 2016 in addition to the regular loan amortisation of USD 5.0 million.

The fair value of the Group's finance loans in USD with floating interest corresponds to the carrying amount.

The financing agreements, signed as part of the restructuring in December 2013, stipulate minimum requirements (financial covenants) for minimum liquidity, minimum value clause and equity ratio, among other things. Further, the Company has agreed to a cash sweep mechanism whereby excess cash can be used to repay its loans.

20. Trade payables

	Company		Group	
Amounts in USD thousand	**2015**	**2014**	**2015**	**2014**
Suppliers of goods and services	108	95	6,340	6,064
Total trade payables	**108**	**95**	**6,340**	**6,064**

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

21. Treasury and share capital

	Company and Group	
Number of shares	**2015**	**2014**
Treasury shares at 1 January	50,700	50,700
Less: Treasury shares sold during the year	(26,700)	-
Treasury shares at 31 December	24,000	50,700
Amounts in DKK		
Nominal value		
Treasury shares at 1 January	5,070	5,070
Less: Treasury shares sold during the year	(2,670)	-
Treasury shares at 31 December	**2,400**	**5,070**
% of share capital		
Treasury shares at 1 January	0.01%	0.01%
Effect of change in share capital	0.00%	0.00%
Treasury shares at 31 December	**0.01%**	**0.01%**

Following the share-swap in 2007, where a limited partnership share in K/S Difko XLVII was exchanged with 300 shares in Nordic Shipholding A/S (previously known as Nordic Tankers), 26,700 shares still remains unregistered ('unregistered shares'), and are held in an account administrated by Nordea Bank.

On 21 November 2014 the Company uploaded a message with the Danish Business Authority, encouraging shareholders, holding rights to shares – as a result of the above mentioned share-swap – to register their shares. Shares that have not been registered 6 months after the uploading of this message, i.e. 21 May 2015 may be sold and the net proceeds placed in at designated deposit account. If an amount has not been reclaimed during a 3-year period, the funds may be released to the Company.

The unregistered shares were sold in July 2015 and the net proceeds are placed in a designated deposit account.

Share capital as at 31 December 2015

The share capital as at 31 December 2015 consisted of 406,158,403 shares of DKK 0.1 (2014: 406,158,403 shares of DKK 0.1). The shares have not been divided into classes, and there are no special rights attached to the shares.

Transactions on the share capital have been the following:

Amounts in USD thousand	**2015**	**2014**	**2013**	**2012**	**2011**
Share capital at 1 January	7,437	7,437	6,695	6,695	64,740
Capital reduction	-	-	(6,024)	-	(58,266)
Capital increase	-	-	6,766	-	221
Share capital at 31 December	**7,437**	**7,437**	**7,437**	**6,695**	**6,695**
Number of shares:					
Shares at 1 January	406,158,403	406,158,403	38,946,697	38,946,697	37,764,888
Issue of new shares	-	-	367,211,706	-	1,181,809
Shares at 31 December	**406,158,403**	**406,158,403**	**406,158,403**	**38,946,697**	**38,946,697**

As a condition to the restructuring in Year 2013, the Company approved a capital reduction exercise by a reduction in the nominal value of the shares by 1:10. This was approved by the general assembly before the issuance of new shares was completed (see below). This reduction in the nominal value is presented as a reduction in the share capital and a corresponding increase in 'Retained earnings'.

As part of the restructuring in Year 2013, the number of new shares issued for debt conversion was 350,520,274. In addition, Nordic Maritime S.a.r.l. also exercised its option and contributed an additional USD 2.0 million in cash for additional new shares (16,691,432 shares) in the Company. Hence, a total of 367,211,706 new shares were issued in December 2013.

22. Related party transactions

	Company	
Amounts in USD thousand	**2015**	**2014**
Board of Directors and Executive Board: Nordic Shipholding A/S' related parties with a controlling interest include the members of the Board of Directors and the Executive Management of the Company as well as their close family members. Moreover, companies in which the above-mentioned persons hold significant interests are also considered related parties.		
Related parties with a significant interest:		
Transport Capital Pte. Ltd. ("Transport Capital"), the Corporate Manager of the Group, is considered a related party of the Company.		
The Company has engaged in the following transaction with Transport Capital as follows:		
• Management fee paid to Transport Capital	505	518
SeaMall ApS ("SeaMall") is considered a related party of the Company as the Chairman of the Company is a member of the Board of Directors of SeaMall ApS.		
The Company has engaged in the following transaction with SeaMall as follows:		
• Capital increase in SeaMall through conversion of debt	-	44
Transactions with subsidiaries:		
Transfer of vessel:		
• Transfer of vessel, bank loan and share of pool's assets and liabilities to a wholly-owned subsidiary	-	9,256
• Transfer of vessel, bank loan and share of pool's assets and liabilities from Dutch subsidiaries to Singapore-incorporated subsidiaries, of which the resulting intercompany receivables were transferred to Nordic Shipholding A/S	-	31,645
Receivables from subsidiaries at 31 December are disclosed in the balance sheet and in the notes to the financial statements.		

	Group	
Amounts in USD thousand	**2015**	**2014**
Related party transactions at Group level		
In addition to the above, the following related parties transaction with a significant interest are recorded at Group level:		
Transport Capital Pte. Ltd. ("Transport Capital"), the Corporate Manager of the Group, is considered a related party of the Group.		
The Group has engaged in the following transaction with Transport Capital as follows: • Management fee paid to Transport Capital	808	828

Board members' ownership of shares in Nordic Shipholding A/S as at 31 December:

	Company	
Number of shares held by the following Board Member	**2015**	**2014**
Knud Pontoppidan	102,052	102,052
Jon Robert Lewis	-	-
Kristian V. Mørch	4,400	4,400
Kanak Kapur	-	-
Philip Clausius	-	-

On 31 December 2015, the following shareholders held more than or equal to 5% of the share capital and voting rights:

- Nordic Maritime S.à r.l., Luxemburg- reported on 19 December 2013 – 76.03%
- Nordea Bank Danmark A/S, Denmark- reported on 19 December 2013 – 11.03%

Guarantees provided to subsidiaries can be found in Note 24.

Apart from the related parties transactions mentioned above, remuneration of the Board of Directors (Note 4), financial income (Note 9) and the warrant programmes (Note 23), there are no significant transactions with related parties.

Transactions with subsidiaries are eliminated in the consolidated accounts, in accordance with the Accounting Policies in Note 2.

23. Incentive plans

In June 2010 and May 2011, the Board of Directors granted warrants to the Company´s prior management and employees. The warrants issued in June 2010 expired on 24 June 2014 and the warrant programme for 2011 expired on May 2015. No warrants were exercised during 2015.

There was no costs recognised in 2015 and 2014 from the warrants issued under the 2011 programme.

24. Contingent liabilities and contractual obligations

	Company and Group	
Amounts in USD thousand	**2015**	**2014**
The Company has provided guarantee to the lending banks for the finance loans extended to wholly-owned vessel-owning subsidiaries^	86,399	99,847

^ The security provided to the lending banks includes cross-collateralised mortgages over all vessels owned by the Group, pledge over the shares in all subsidiaries, assignment of earnings and insurances in respect of all vessels owned by the Group, cross-guarantees from all subsidiaries in the Group and Nordic Shipholding A/S in each case as primary and joint liable obligors, and pledge of bank accounts operated by the Group.

Lawsuits

Whilst Nordic Shipholding A/S is not involved in any lawsuits or arbitration cases which could have essential influence on the Company's or the Group's financial position or result, the Company is exposed to contingent liabilities in the ordinary course of business.

25. Operating lease commitment

Amounts in USD thousand	Group 2015	2014
Within 1 year	6,350	6,333
After 1 year but within 5 years	5,795	12,145
After 5 years	-	-
	12,145	**18,478**

Operating lease-Time charter

The Group has entered into a 3-year time-charter fixture for Nordic Anne in December 2014 and the rental rate is fixed over the tenure of the lease.

26. Significant events after the balance sheet date

There is no significant event after the balance sheet date.

Definitions and calculation formulas

Unless otherwise stated, key figures and ratios have been calculated in accordance with the standards laid down by the Danish Society of Financial Analysts in "Recommendations & Financial Ratios 2015".

Net interest-bearing debt is defined as the 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. This financial ratio is not defined in the Danish Society of Financial Analysts' guidelines "Recommendations & Financial Ratios 2010". Net working capital (NWC) 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.

EBITDA margin (%)	$\frac{\text{EBITDA}}{\text{Revenue}}$
Net result margin (%)	$\frac{\text{Result}}{\text{Revenue}}$
Equity ratio (%)	$\frac{\text{Equity * 100}}{\text{Balance sheet total}}$
Return on invested capital (%)	$\frac{\text{EBIT * 100}}{\text{Year end invested capital}}$
Return on equity (%)	$\frac{\text{Result * 100}}{\text{Year end equity}}$
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Year end equity}}$
Net working capital/revenue (%)	$\frac{\text{Average net working capital * 100}}{\text{Revenue}}$