

Nordic Bulk Holding ApS

Tuborg Havnevej 4 - 8, 1., 2900 Hellerup

Company reg. no. 32 08 11 69

Annual report

1 January - 31 December 2015

The annual report have been submitted and approved by the general meeting on the 12 May 2016.



Mads Rosenberg Bøye Petersen
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance USD 146,940 is the same as the English amount of USD 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Nordic Bulk Holding ApS for the financial year 1 January to 31 December 2015.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

The annual report is recommended for approval by the general meeting.

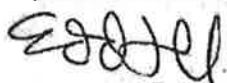
Hellerup, 12 May 2016

Managing Director



Mads Rosenberg Boye Petersen

Board of directors



Edward Coll



Carl Claus Boggild



Mads Rosenberg Boye Petersen

The independent auditor's report on the annual accounts

To the shareholders of Nordic Bulk Holding ApS

We have audited the annual accounts of Nordic Bulk Holding ApS for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control considered necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts 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 about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the annual accounts.

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

The audit has not resulted in any qualification.

The independent auditor's report on the annual accounts

Opinion

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Copenhagen, 12 May 2016

Grant Thornton

Company reg. no. 34 20 99 36



Michael Beuchert
State Authorised Public Accountant



Ulrik Bloch-Sørensen
State Authorised Public Accountant

Company data

The company	Nordic Bulk Holding ApS Tuborg Havnevej 4 - 8, 1. 2900 Hellerup
	Company reg. no. 32 08 11 69 Established: 13 March 2009 Domicile: Gentofte Financial year: 1 January - 31 December
Board of directors	Edward Coll Carl Claus Boggild Mads Rosenberg Boye Petersen
Managing Director	Mads Rosenberg Boye Petersen
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
Parent company	Pangaea Logistics Solutions Ltd., Bermuda
Subsidiary	Nordic Bulk Carriers A/S, Hellerup

Accounting policies used

The annual report for Nordic Bulk Holding ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in American dollars (USD).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

The profit and loss account

Gross loss

The gross loss comprises other external costs.

Other external costs comprise costs for administration.

Accounting policies used

Net financials

Net financials include interest expenses. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprise with negative equity is recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

Accounting policies used

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Nordic Bulk Holding ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Nordic Bulk Holding ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or "Payable corporate tax".

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 January - 31 December

All amounts in USD.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Gross loss	-919	1.947
3 Income from equity investments in group enterprises	25.156	-1.303.703
Other financial costs	<u>0</u>	<u>-182</u>
Results before tax	24.237	-1.301.938
4 Tax on ordinary results	<u>235</u>	<u>-432</u>
Results for the year	<u>24.472</u>	<u>-1.302.370</u>
Proposed distribution of the results:		
Reserves for net revaluation as per the equity method	25.156	-1.214.366
Allocated from results brought forward	<u>-684</u>	<u>-88.004</u>
Distribution in total	<u>24.472</u>	<u>-1.302.370</u>

Balance sheet 31 December

All amounts in USD.

Assets			
<u>Note</u>		<u>2015</u>	<u>2014</u>
Fixed assets			
5	Equity investments in group enterprises	<u>50.913</u>	<u>0</u>
	Financial fixed assets in total	<u>50.913</u>	<u>0</u>
	Fixed assets in total	<u>50.913</u>	<u>0</u>
	Assets in total	<u>50.913</u>	<u>0</u>

Balance sheet 31 December

All amounts in USD.

Equity and liabilities		
<u>Note</u>	<u>2015</u>	<u>2014</u>
Equity		
Share capital	22.334	22.334
Reserves for net revaluation as per the equity method	50.913	0
Retained earnings	-43.397	-42.713
Equity in total	<u>29.850</u>	<u>-20.379</u>
Liabilities		
Trade payables	3.860	3.860
Debt to group enterprises	17.006	16.087
Corporate tax	197	432
Short-term liabilities in total	<u>21.063</u>	<u>20.379</u>
Liabilities in total	<u>21.063</u>	<u>20.379</u>
Equity and liabilities in total	<u>50.913</u>	<u>0</u>

6 Contingencies

Statement of changes in equity

All amounts in USD.

	Share capital	Reserve for net revaluation as per the equity method	Retained earnings	In total
Equity 1 January 2015	22.334	2.431.281	45.291	2.498.906
Share of results	0	-1.214.366	-88.004	-1.302.370
Fair value adj. of hedging instruments, beginning of year	0	84.988	0	84.988
Fair value adj. of hedging instruments, end of year	0	-1.301.903	0	-1.301.903
Equity 1 January 2015	22.334	0	-42.713	-20.379
Share of results	0	25.156	-684	24.472
Fair value adj. of hedging instruments, beginning of year	0	23.944	0	23.944
Fair value adj. of hedging instruments, end of year	0	0	0	0
Adjustments, other	0	1.813	0	1.813
	22.334	50.913	-43.397	29.850

Notes

All amounts in USD.

1. The significant activities of the enterprise

The Company's purpose is to own shares in Nordic Bulk Carriers A/S, and any other activities as directed by the Board deems related.

2. Uncertainties concerning the enterprise's ability to continue as a going concern

The Company has lost its equity and relies on funding from Group entities. The ultimate parent Company, Pangaea Logistics Solutions Ltd., has issued a letter of support according to which the parent Company has promised to contribute the liquidity necessary to the Company as a minimum until 1 January 2016 to enable the Company to meet its financial obligations as they fall due.

	<u>2015</u>	<u>2014</u>
3. Income from equity investments in group enterprises		
Share of profit/loss of subsidiary	<u>25.156</u>	<u>-1.303.703</u>
	<u>25.156</u>	<u>-1.303.703</u>
	<u>2015</u>	<u>2014</u>
4. Tax on ordinary results		
Joint tax contribution	<u>-235</u>	<u>432</u>
	<u>-235</u>	<u>432</u>

Notes

All amounts in USD.

	<u>31/12 2015</u>	<u>31/12 2014</u>
5. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2015	89.337	89.337
Cost 31 December 2015	<u>89.337</u>	<u>89.337</u>
Revaluations, opening balance 1 January 2015	-89.337	2.431.281
Results for the year	25.156	-1.303.703
Reversal of prior revaluations	0	-1.216.915
Other equity movements	<u>25.757</u>	<u>0</u>
Writedown 31 December 2015	<u>-38.424</u>	<u>-89.337</u>
Book value 31 December 2015	<u>50.913</u>	<u>0</u>

The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity USD	Results for the year USD
Nordic Bulk Carriers A/S, Hellerup	1,84 %	2.768.294	1.367.809
		<u>2.768.294</u>	<u>1.367.809</u>

6. Contingencies**Joint taxation**

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.