

Nordic Tankers A/S
Central Business Registration No
34466696
Tuborg Havnevej 15
2900 Hellerup

Annual report 2015

The Annual General Meeting adopted the annual report on 26.04.2016

Chairman of the General Meeting



Name: Carl Moltke

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Entity details

Entity

Nordic Tankers A/S
Tuborg Havnevej 15
2900 Hellerup

Central Business Registration No: 34466696

Registered in: Hellerup

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Henriette Schütze, chairman

Carl Moltke

Per Sylvester Jensen

Executive Board

Per Sylvester Jensen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Nordic Tankers A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act, however with early adoption of some of the provisions of the Danish Financial Statements Act of 2015.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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

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

Copenhagen, 26.04.2016

Executive Board

Per Sylvester Jensen
Chief Executive Officer

Board of Directors


Henriette Schütze
chairman


Carl Moltke


Per Sylvester Jensen

Independent auditor's reports

To the owner of Nordic Tankers A/S

Report on the financial statements

We have audited the financial statements of Nordic Tankers A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of 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 Entity'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 the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Independent auditor's reports

Copenhagen, 26.04.2016

Deloitte

Statsautoriseret Revisionspartnerselskab



Henrik Kjølgaard
State-Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The Company's business activity consist of handling of their investments in a number of subsidiaries that on the whole operate shipping activities globally with own and chartered tank vessels with a focus on safety, quality and thus with climate and environmental friendly transport at sea.

Development in activities and finances

The Company's activities and the result for the year 2015 have been better than expected. The result for the year is USD 12.9 million and equity as at 31 December 2015 amounts to USD 85.4 million.

In January 2015, the Nordic Tankers Group entered into an agreement regarding operation and management of herming shipping Group. During 2015, the Group has disposed of five vessels and acquired one new vessel. The debt of the Group has been reduced significantly in 2015 as a result of the disposal of five vessels and bilateral agreements with lenders which partially is offset by financing in connection with the acquisition of one vessel.

Corporate social responsibility

Please refer to Global Compact progress report on www.nordictankers.com/csr.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Expectations for 2016

Management expects that the Company will realise a positive result for 2016.

Accounting policies

Reporting class

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

The accounting policies applied for these financial statements are consistent with those applied last year, however with early adoption of some of the provisions of the Danish Financial Statements Act of 2015.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Related parties

Only information on transactions with related parties that are not carried-out normal marked-related terms are mentioned, cf. the exemption in the Danish Financial Statements Act section 98 c.

Accounting policies

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income

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

Other financial expenses

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

Income taxes

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

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in group enterprises

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

Accounting policies

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

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

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

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised pro rata internal profits and losses.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

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

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

Receivables

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Income tax receivable or payable

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

Accounting policies

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Income statement for 2015

	<u>Notes</u>	<u>2015 USD</u>	<u>2014 USD</u>
Other external expenses		<u>(324.331)</u>	<u>(296.520)</u>
Operating profit/loss		(324.331)	(296.520)
Income from investments in group enterprises		6.115.803	(30.260.945)
Income from investments in associates		91.597	193.929
Other financial income	1	8.510.861	364.014
Other financial expenses	2	<u>(110.634)</u>	<u>(39.643)</u>
Profit/loss from ordinary activities before tax		14.283.296	(30.039.165)
Tax on profit/loss from ordinary activities	3	<u>(1.363.864)</u>	<u>(4.317)</u>
Profit/loss for the year		<u>12.919.432</u>	<u>(30.043.482)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>12.919.432</u>	<u>(30.043.482)</u>
		<u>12.919.432</u>	<u>(30.043.482)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 USD</u>	<u>2014 USD</u>
Investments in group enterprises		78.543.265	55.887.462
Receivables from group enterprises		22.698.399	8.149.164
Investments in associates		<u>456.692</u>	<u>365.095</u>
Fixed asset investments	4	<u>101.698.356</u>	<u>64.401.721</u>
Fixed assets		<u>101.698.356</u>	<u>64.401.721</u>
Receivables from group enterprises		0	95.713
Other short-term receivables		<u>0</u>	<u>39.585</u>
Receivables		<u>0</u>	<u>135.298</u>
Cash		<u>159.906</u>	<u>382.287</u>
Current assets		<u>159.906</u>	<u>517.585</u>
Assets		<u><u>101.858.262</u></u>	<u><u>64.919.306</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 USD</u>	<u>2014 USD</u>
Contributed capital	5	1.088.805	1.088.805
Retained earnings		<u>84.345.032</u>	<u>63.181.728</u>
Equity		<u>85.433.837</u>	<u>64.270.533</u>
Trade payables		7.004	19.304
Debt to group enterprises		16.115.164	574.032
Income tax payable		213.293	0
Other payables		88.964	0
Deferred income		<u>0</u>	<u>55.437</u>
Current liabilities other than provisions		<u>16.424.425</u>	<u>648.773</u>
Liabilities other than provisions		<u>16.424.425</u>	<u>648.773</u>
Equity and liabilities		<u><u>101.858.262</u></u>	<u><u>64.919.306</u></u>
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Statement of changes in equity for 2015

	Contributed capital USD	Retained ear- nings USD	Total USD
Equity beginning of year	1.088.805	63.181.728	64.270.533
Other adjustments	0	8.243.872	8.243.872
Profit/loss for the year	0	12.919.432	12.919.432
Equity end of year	<u>1.088.805</u>	<u>84.345.032</u>	<u>85.433.837</u>

Other adjustments on shareholder's equity consist primarily of contribution from Parent.

Notes

	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
1. Other financial income		
Financial income arising from group enterprises	2.330.178	339.926
Interest income	5.212	4
Exchange rate adjustments	72.471	24.084
Other financial income	6.103.000	0
	<u>8.510.861</u>	<u>364.014</u>
	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
2. Other financial expenses		
Exchange rate adjustments	110.634	32.711
Other financial expenses	0	6.932
	<u>110.634</u>	<u>39.643</u>
	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
3. Tax on ordinary profit/loss for the year		
Current tax	1.477.172	4.317
Adjustment relating to previous years	(113.308)	0
	<u>1.363.864</u>	<u>4.317</u>
	<u>Investments</u> <u>in group</u> <u>enterprises</u> <u>USD</u>	<u>Investments</u> <u>in associates</u> <u>USD</u>
4. Fixed asset investments		
Cost beginning of year	105.705.135	100.000
Additions	16.540.000	0
Cost end of year	<u>122.245.135</u>	<u>100.000</u>
Revaluations beginning of year	0	265.095
Share of profit/loss after tax	0	91.597
Revaluations end of year	<u>0</u>	<u>356.692</u>
Impairment losses beginning of year	(49.817.673)	0
Share of profit/loss after tax	6.115.803	0
Impairment losses end of year	<u>(43.701.870)</u>	<u>0</u>
Carrying amount end of year	<u>78.543.265</u>	<u>456.692</u>

Notes

	<u>Registered in</u>	<u>Equity interest %</u>	<u>Equity USD</u>	<u>Profit/loss USD</u>
Subsidiaries:				
Nordic Tankers Shipowning A/S*	Denmark	100,00	5.950.911	5.253.338
Nordic Tankers Freight ApS	Denmark	100,00	12.412	(19.882)
Nordic Tankers Trading A/S	Denmark	100,00	72.485.667	1.393.018
Nordic Tankers Marine India Pvt Ltd.*	India	100,00	105.007	(10.670)

	<u>Registered in</u>	<u>Equity interest %</u>	<u>Equity USD</u>	<u>Profit/loss USD</u>
Associates:				
Nordic Womar Pte. Ltd*	Singapore	50,00	456.692	91.597

	<u>Number</u>	<u>Par value USD</u>	<u>Nominal value USD</u>
5. Contributed capital			
Share capital	1.088.805	1,00	1.088.805
	<u>1.088.805</u>		<u>1.088.805</u>

	<u>2015 USD</u>	<u>2014 USD</u>	<u>2013 USD</u>	<u>2012 USD</u>
Changes in contributed capital				
Contributed capital beginning of year	1.088.805	1.088.805	1.087.079	13.805
Increase of capital	0	0	1.726	1.073.274
Contributed capital end of year	<u>1.088.805</u>	<u>1.088.805</u>	<u>1.088.805</u>	<u>1.087.079</u>

6. Assets charged and collateral

The Company is a management company being party to a national Danish international joint taxation scheme. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is, therefore, liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 for obligations, if any, relating to withholding of tax on interest, royalties and dividend for the jointly taxed companies. The total amount of income taxes payable is evident from the annual report of Nordic Tankers A/S.

Notes

7. Related parties with control

Related parties with a controlling interest:

Nordic Tankers A/S is 100% owned by Nordic Tankers Holding AB, Sweden which has a controlling interest in the Company.

8. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Nordic Tankers LuxCo S.à r.l. 2C, rue Albert Borschette, 1246 Luxembourg

The consolidated financial statements for the foreign parent company can be ordered on following address:

Registre de Commerce et des Sociétés L-2961 Luxembourg.