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**NORDIC SHIPHOLDING A/S**Company Announcement

**Nordic Shipholding A/S – Annual Report 2013**

**Company Announcement: 4/2014**

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**In 2013, Nordic Shipholding A/S reaped a gain of USD 19.4 million, chiefly from a one-time USD 28.6 million gain from restructuring. Excluding this gain, the Group realised a loss of USD 9.1 million.**

Nordic Shipholdings’ Board of Directors has today approved the annual report for 2013.

* The capital structure was significantly improved following a restructuring in December 2013.
* As a result of the restructuring, the outstanding debt as at 19 December 2013 was reduced by USD 72.1 million and equity increased by USD 74.1 million. The remaining loan of USD 100 million was re-financed into a new 7-year facility.
* The Group’s 2013 net result was USD 19.4 million, after accounting for a one-off gain from restructuring of USD 28.6 million. Excluding this one-off gain of USD 28.6 million, the Group incurred a net loss for 2013 of USD 9.1 million.
* Gross revenue earned by the 6 vessels reached USD 60 million, which resulted in a TCE revenue of USD 25.9 million and an EBITDA of USD 3.6 million. Equity improved significantly from USD -37.4 million at the beginning of the year to USD 28.2 million as at 31 December 2013.
* The restructuring which was completed in late December 2013 provided the Group with the much needed liquidity and a sturdier capital structure to grow the business. The product tanker segment is showing signs of recovery but is still fragile.
* The impairment test did not reveal a need for further writedowns in 2013.
* At the forthcoming Annual General Meeting, the Board of Directors will propose that the Annual Report for 2013 and subsequent years be prepared and presented in the English language only. The Board of Directors expects this proposal to be approved, and consequently the Annual Report for 2013 has been prepared in the English language only.
* FORECAST 2014
* For 2014, the Group’s 6 vessels are expected to remain commercially deployed on a pool basis. While rates in early 2014 have improved slightly compared to 2013, the TCE revenue from the 6 product tankers is expected to be in the region of USD 27.0 – 30.0 million.
* 2014 will also see the Group changing its technical manager such that 2 new managers will handle 3 vessels each. This change will entail certain one-off costs and some loss of revenue resulting from the vessels’ loss of oil major vetting approvals for a short time. The Board considers the change in the technical manager to be net positive for the Group in the longer term savings.
* Taking the above into account, the Group expects EBITDA (earnings before interest, tax, depreciation and amortization) to be in the range of USD 9.0 – 12.0 million.
* The result before tax, subject to unforeseen circumstances, is expected to reach an accounting breakeven with a result between USD -2.0 million and USD 1.0 million before any write-downs on vessels. The Group does not expect any write-downs of vessels’ carrying value unless significant weakness in the product tanker sector sets in.
* In terms of cash flow, there is no amortisation of the long-term loan in 2014. However, the short-term working capital will mature in December 2014. The Group’s net operating cash flows and receipt of certain insurance receivables will be used to pay off this short-term debt. The Group’s cash flows is expected to be between USD -1.0 million and USD 2.0 million, prior to any cash sweep to the lending banks. Under the new loan arrangement with the lending banks, cash in excess of USD 6.0 million will be used to pay down the long-term facility. No cash sweep is expected in 2014 except for approximately USD 1.0 million as at 31 December 2014.
* The forecast for 2014 is based on various assumptions as set out in the Annual Report, including estimated daily time-charter equivalent rates of USD 14,000 for the handy tankers and USD 15,200 for the LR1 vessel, and interest expense based on a 3 month LIBOR of 0.5%

*“Post restructuring, the board considers Nordic Shipholding as an attractive platform to grow and in the coming year, we will seek and assess suitable investment opportunities in the product tanker segment to expand the Company” says Chairman of the Board of Directors,* Knud Pontoppidan*.*

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