



NORDIC SHIPHOLDING

ANNUAL REPORT **2013**

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Group Key Figures 2009-2013

Amounts in USD thousand	2013	2012	2011	2010	2009
Income statement					
Revenue [^]	60,002	57,333	-	-	-
Time charter equivalent revenue (TCE revenue)	25,881	26,417	24,474	72,319	29,960
EBITDA	3,601	6,513	5,673	3,518	7,359
Operating result (EBIT)	(2,029)	(40,842)	3,277	(27,572)	(88,544)
Net financials	(7,061)	(14,124)	(8,079)	(341)	(5,980)
Result after tax	19,435	(55,016)	(4,853)	(28,054)	(94,552)
Result from discontinued operations	-	(9,278)	(27,005)	-	-
Comprehensive income	21,555	(62,539)	(34,951)	(26,223)	(94,368)
Balance sheet and cashflow data					
Invested capital	126,726	141,631	295,485	279,836	207,786
Net working capital (NWC)	8,455	3,396	9,382	9,282	841
Equity	28,203	(37,429)	24,713	58,624	20,557
Balance sheet total	137,804	158,304	329,534	311,336	220,705
Investments in property, plant and equipment **	800	353	1,179	7,248	96,034
Net interest bearing debt	98,523	179,060	270,966	221,282	187,350
Cash flow from operating activities	(5,806)	(4,973)	(3,520)	(5,840)	(5,353)
Cash flow for the year	(734)	(8,154)	(3,814)	15,469	(9,493)

2010: Not restated for the divestment of the chemical tanker activities acquired in 2010

	2013	2012	2011	2010	2009
Financial Ratios					
EBITDA margin (%)#	6.0%	11.4%	23.2%	4.9%	24.6%
Net result margin (%)^^#	-15.2%	-96.0%	-19.8%	-38.8%	-315.6%
Equity ratio (%)***	20.5%	-23.6%	7.5%	18.5%	9.3%
Return on invested capital (%)*	-1.6%	-28.8%	1.1%	-9.9%	-42.6%
Return on equity (%)^^*	-32.4%	N.A.	-19.6%	-47.9%	-460.0%
Financial gearing	3.49	-4.78	10.96	3.77	9.11
Net working capital/revenue#	9.9%	11.1%	38.1%	4.8%	-2.9%
Key figures per share					
Earnings per share USD	0.37	-1.65	-0.82	-0.99	-13.21
Market price per share DKK, year end	0.72	0.53	2.21	7.15	26.00
Market price per share USD, year end	0.13	0.09	0.38	1.27	5.01
Exchange rate USD/DKK, year end	5.41	5.66	5.75	5.61	5.19
Average number of full time employees	-	2	2	145	2
Number of shares, year end	406,158,403	38,946,697	38,946,697	37,764,888	7,180,000

^ Gross-up revenue figures are not available from 2009 to 2011.

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

Key Figures for financial years 2009-2011 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 2010".

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

** Excluding acquisitions.

*** Excluding non-controlling interest.

2013 in brief

- Since 2012, the Company has been in a close dialogue with its lending banks and achieved a temporary moratorium until March 2013, which was extended several times afterwards until 31 December 2013.
- On 22 November 2013, the Company announced that it had entered into a restructuring agreement with Nordic Maritime S.á.r.l. ('Nordic Maritime') and its lending banks, subject to the fulfilment of certain conditions.
- Upon the fulfilment of these conditions, the restructuring was completed on 19 December 2013. As part of the restructuring, a new shareholder structure of the Company was implemented. Pre-restructuring shareholders retained 9.59% ownership of Nordic Shipholding, the lending banks obtained 14.38% ownership and Nordic Maritime obtained 76.03%.
- The restructuring contains the following key elements:
 - Conversion of loans into the listing shares
 - Refinancing of the remaining senior debt
 - Temporary working capital loan facility
 - Fresh equity injection of USD 2.0 million
- 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 including the USD 2.0 million equity injected by Nordic Maritime. The remaining loan of USD 100.0 million was refinanced into a new 7-year facility.
- For 2013, Nordic Shipholding has recognised a one-off gain of USD 28.6 million arising from the restructuring. This resulted in a total profit of USD 19.4 million for the year. Excluding this one-off gain of USD 28.6 million, Nordic Shipholding incurred a net loss for 2013 of USD 9.1 million of which operating result amounted to USD -2.0 million and financial expenses was USD 7.1 million. Due to the financial condition of the Company prior to the restructuring, expectation of the Company's performance was not provided for 2013.
- Gross revenue earned by the 6 vessels reached USD 60.0 million, which resulted in a TCE revenue of USD 25.9 million and an EBITDA of USD 3.6 million. Equity totalled USD 28.2 million.
- Following the completion of the restructuring, the Company entered into a new corporate management agreement with Transport Capital Pte. Ltd., which has taken over the corporate management responsibilities from Hafnia Tankers (formerly Tankers Inc. Holdings A/S). Philip Clausius has also succeeded Thomas Andersen as CEO of the Company with effect from 2 January 2014 and Knud Pontoppidan remains as independent Chairman of the Board of Directors.

Management Review

Prior to completion of the restructuring, Nordic Shipholding's financial position has been seriously affected by the negative development in the shipping industry during the recent years. Consequently, the Company suffered large losses due to a low level of activity with Nordic Ruth being off-hire for first half of 2013, and low earnings in the product tanker segments. Notwithstanding Nordic Shipholding's divestment of its chemical tanker division to the private equity fund Triton in March 2012, the Company's debt still remained substantial, which resulted in the Company and the lending banks entering into a new moratorium agreement in force until March 2013, and subsequently extended until 31 December 2013.

In February 2013, the Company assigned the vendor note from the sale of the chemical tanker activities to Clipper, whereby the debt to Clipper of USD 15.1 million was eliminated.

On 22 November 2013, the Company announced that it had signed a restructuring agreement with Nordic Maritime and its lending banks, subject to the following conditions:

- a preliminary dispensation issued to Nordic Maritime by the Danish FSA from the obligation to submit a mandatory tender offer;
- approval from the Company's general meeting to decrease the Company's share capital and authorise the issue of new shares in connection with a debt conversion and an option granted to Nordic Maritime to invest additional USD 2.0 million; and
- a certain minimum net working capital level of the Group being in place up until the general meeting on 17 December 2013.

Following the fulfilment of the conditions above, the restructuring was completed on 19 December 2013. As part of the restructuring, a new shareholder structure of the Company was implemented and the pre-restructuring shareholders retained 9.59% ownership of Nordic Shipholding, the lending banks obtained 14.38% ownership and Nordic Maritime obtained 76.03%.

The restructuring contains the following key elements:

- Conversion of loans into the listing shares
- Refinancing of the remaining senior debt
- Temporary working capital loan facility
- Fresh equity injection of USD 2.0 million

The table below shows the financial impact of the restructuring:

USD thousand	Capital reduction	Conversion of debt and swap	Draw down working capital line	Additional capital	New loan agreements	Net Accounting Impact
Note	1	2	3	4	5	
Gain from debt conversion		28,561				28,561
Result after tax	0	28,561	0	0	0	28,561
Cash and cash equivalents			4,000	2,000		6,000
Total Assets	0	0	4,000	2,000	0	6,000
Share capital	(6,024)	6,460		308		744
Retained Earnings	6,024	64,101		1,692		71,817
Reserves		1,541				1,541
Equity	0	72,102	0	2,000	0	74,102
Finance Loans					100,000	100,000
Non-current liabilities	0	0	0	0	100,000	100,000
Finance Loans		(70,222)	4,000		(100,000)	(166,222)
Other current liabilities		(1,880)				(1,880)
Current Liabilities	0	(72,102)	4,000	0	(100,000)	(168,102)
Total equity and liabilities	0	0	4,000	2,000	0	6,000

Note 1 Capital reduction

The capital reduction approved at the extraordinary general meeting on 17 December 2013 was part of the completion of the restructuring by decreasing the nominal value of the shares from DKK 1 to DKK 0.1. The share capital was reduced by USD 6.0 million which was transferred to retained earnings to cover losses.

Note 2 Conversion of debt and swap

The conversion by Nordic Maritime and the lending banks of USD 70.2 million of debt to equity was part of completion of the restructuring.

Further, an interest rate swap with a market value of USD 1.9 million was converted as part of the total debt conversion. The hedging reserve of USD 1.5 million was recycled to profit and loss resulting in a net gain of USD 0.4 million.

Nordic Shipholding issued 350,520,274 shares at a nominal value of DKK 0.1 corresponding to 90% of the outstanding shares after completion of the capital increase and an increase in the nominal share capital of USD 6.5 million. The difference between the carrying amount of the debt prior to conversion and the fair value of the equity instruments issued was recognised as a gain of USD 28.6 million in the income statement.

Note 3 Draw down working capital line

The lending banks have granted a Working Capital Line of USD 4.0 million as part of the restructuring. The Working Capital Facility was drawn in full on 19 December 2013.

Note 4 Additional capital

Nordic Maritime had an option to subscribe for further shares by contribution of an additional USD 2.0 million in liquid funds to the Company. The option was exercised resulting in issuance of 16,691,432 shares at a nominal value of DKK 0.1 each thus increasing Nordic Maritime's total shareholding to 76.03% of the total issued share capital and resulting in an increase of the nominal share capital of USD 0.3 million.

Note 5 New loan agreements

As part of the restructuring, the Company entered into the financing agreements with the lending banks. No installments fall due in 2014 leading to a classification of the loan amount as "long term".

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 including the USD 2.0 million equity injected by Nordic Maritime. The remaining loan of USD 100.0 million was refinanced into a new 7-year facility with no principal amortisation in the first 12 months, subject to a cash sweep mechanism and new covenants (please see Note 0 (page 35 to 37) for more information on the credit facility). The lending banks also extended a USD 4.0 million short term working capital facility, which was fully drawn upon completion of the restructuring. This short-term facility carries the same interest margin as the long-term facility and is repayable within 364 days.

After the restructuring, 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 Maersk, where they participate in the Handytankers Pool. The 73,000 dwt LR1 Nordic Anne remains under the joint commercial management of Hafnia and Mitsui OSK in the Straits Tankers Pool. The Company has also decided to change the technical managers of these vessels from TB Marine to Columbia Shipmanagement (for Nordic Ruth, Nordic Agnetha and Amy) and Thome Ship Management (for Nordic Hanne, Nordic Pia and Nordic Anne).

In late 2013, the Company established Nordic Shipholding Singapore Pte. Ltd., a wholly-owned Singapore-incorporated subsidiary company. Subsequent to the restructuring, Nordic Shipholding will transfer its 6 vessels to individual wholly-owned Singapore incorporated legal entities under Nordic Shipholding Singapore Pte. Ltd. As of the date of this report, only Nordic Agnetha has been transferred, whilst the remaining 5 vessels will be transferred by 30 June 2014.

The Company has also finalised the liquidation of 12 subsidiaries in 2013 following the divestment of its chemical tankers in 2012.

Post restructuring, the Company entered into a new corporate management agreement with Transport Capital Pte. Ltd., which has taken over the corporate management responsibilities from Hafnia Tankers (formerly Tankers Inc. Holdings A/S). Philip Clausius succeeded Thomas Andersen as CEO of the Company with effect from 2 January 2014 and Knud Pontoppidan remains as independent Chairman of the Board of Directors.

During 2013, tanker freight rates for the fleet were largely flat compared to 2012. The year was negatively impacted by about 6 months of lost revenue for Nordic Ruth as a result of her undergoing extensive repairs. In general, freight rates came in below expectations of most experts. Whilst fundamentals for the product tanker sector give reason to be cautiously optimistic, Nordic Shipholding has yet to experience the more pronounced upward momentum that the market is expecting.

As shown in the table (on page 6), for 2013, Nordic Shipholding has recognised a one-off gain of USD 28.6 million arising from the restructuring. This resulted in a total profit of USD 19.4 million for the year. Excluding this one-off gain of USD 28.6 million, Nordic Shipholding incurred a net loss for 2013 of USD 9.1 million.

Gross revenue earned by the 6 vessels reached USD 60.0 million, which resulted in a TCE revenue of USD 25.9 million and an EBITDA of USD 3.6 million. Equity totalled USD 28.2 million

No write-downs were recognised in 2013 as the impairment tests on the fleet revealed independent broker valuations exceeding the carrying amounts of the vessels at year-end.

Going forward, the Board of Directors and management seek to maximise shareholder returns.

The Board of Directors and management remain thankful to our more than 5,000 shareholders that continued to support the Company throughout 2013.

Knud Pontoppidan
Chairman of the Board of Directors

Philip Clausius
Chief Executive Officer

Outlook for 2014

The restructuring which was completed in late December 2013 provided the Group with the much needed liquidity and an improved capital structure to grow the business. Whilst the product tanker segment is showing signs of recovery, it is still fragile.

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. Barring unforeseen circumstances, the result before tax 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

Post restructuring, the Board considers Nordic Shipholding an attractive platform for growth and in the coming year, we will seek and assess suitable investment opportunities in the product tanker segment 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 2013

Financial highlights of the Group in 2013 (2012 figures in brackets)

The Group reported a net result of USD 19.4 million for 2013 (USD -64.3 million). This is after accounting for a one-off gain from restructuring of USD 28.6 million. Excluding this gain, the Group's incurred a net loss of USD 9.1 million in 2013.

Gross revenue generated in 2013 reached USD 60.0 million (USD 57.3 million), resulting in a TCE revenue of USD 25.9 million (USD 26.4 million). EBITDA (earnings before depreciation, amortisation, interest and tax) amounted to USD 3.6 million (USD 6.5 million) and after accounting for depreciation, the Group made a net operating loss of USD 2.0 million (USD -40.8 million after accounting for USD 39.7 million in write-downs).

The Group's book equity turned around from USD -37.4 million as at 31 December 2012 to USD 28.2 million as at 31 December 2013 primarily due to the restructuring on 19 December 2013.

- *Revenue*

Gross revenue generated by the 6 vessels in 2013 totalled USD 60.0 million (USD 57.3 million). After deduction of voyage related costs, the Group made a TCE revenue of USD 25.9 million (USD 26.4 million).

- *Operating Costs*

Expenses related to the operation of 6 vessels owned by the Group amounted to USD 18.7 million (USD 16.6 million). This also includes certain repairs for Nordic Ruth which were not claimable under the vessel's insurance cover.

Staff costs amounted to USD 0.3 million (USD 1.1 million) while other external costs amounted to USD 3.3 million (USD 2.2 million).

- *Depreciation and write-downs*

A total depreciation of USD 5.6 million (USD 7.6 million) was charged on the Company's 6 vessels. No write-downs were recognised in 2013 as the impairment tests on the fleet revealed independent broker valuations exceeding the carrying amounts of the vessels at year-end. In 2012, the Company recognised a write-down of USD 39.7 million of which USD 37.7 million were related to an impairment made on the product tanker vessels at the end of 2012 and USD 2.0 million to goodwill.

- *Gain from restructuring*

The Company completed its restructuring on 19 December 2013 (see Management Review and Note 0). The restructuring resulted in the recognition of a one-time gain of USD 28.6 million (2012: NIL).

- *Financial income and expenses*

Financial expenses amounted to USD 7.1 million (USD 15.2 million) due mainly to interest expense on the Group's loans. For 2012, the financial expenses of USD 15.2 million came primarily from interest on the Company's loans of USD 8.3 million and write-down of USD 5.2 million on the vendor note.

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- *Tax*
The Company's tax payment is primarily calculated according to the rules and regulations of the Dutch and Danish Tonnage Tax Act. For further information please refer to Note 11 in the financial statements.

- *Assets*
At 31 December 2013, the Group's balance sheet totalled USD 137.8 million (USD 158.3 million) comprising mainly vessels, receivables and cash.

Vessels and docking fell from USD 123.0 million in 2012 to USD 118.2 million in 2013 mainly due to depreciation, offset by capitalisation of dry docking.

Total receivables amounted to USD 14.1 million (USD 29.0 million) mainly from lubricant stocks, trade and other receivables generated by the vessels under the pool arrangements. In 2012, receivables included the vendor note of USD 15.1 million, which was assigned to Clipper in February 2013.

As at 31 December 2013, the Group's cash balance was USD 5.4 million (USD 6.1 million). This balance has taken into account the USD 2.0 million equity injection in cash as part of the restructuring on 19 December 2013.

- *Equity*
There is a significant change in the Group's equity arising from the restructuring. Total equity turned from -USD 37.4 million in 2012 to USD 28.2 million in 2013. The turnaround was a result of:

- Conversion by Nordic Maritime and lending banks of USD 70.2 million of debt and an interest rate swap with a market value of USD 1.9 million to equity. 350,520,274 shares at a nominal value of DKK 0.10 was issued thereby increasing the nominal share capital by USD 6.5 million. Based on the transaction price of USD 35.0 million paid by Nordic Maritime for a post-restructuring ownership share of 75% of the share capital (before they exercised their option to subscribe for additional shares), the total value of shares issued was USD 42.0 million for the debt conversion of USD 72.1 million; and

- Nordic Maritime exercised their option to subscribe for shares by injecting an additional USD 2.0 million in liquid funds to the Company. The option was exercised resulting in issuance of 16,691,432 shares at a nominal value of DKK 0.1 each thus increasing Nordic Maritime's total shareholding to 76.03% of the total issued share capital and resulting in an increase of the nominal share capital of USD 0.3 million.

- *Liabilities*
Total liabilities amounted to USD 109.6 million (USD 195.7 million). The Group's interest-bearing debt amounted to USD 103.9 million (USD 185.2 million) comprising mainly a new long-term loan (USD 100.0 million) and a short-term working capital facility (USD 4.0 million).

The decrease in total liabilities was mainly a result of the debt to equity conversion under the restructuring (USD 72.1 million) and the assignment of the vendor note to Clipper (USD 15.1 million). Post-restructuring, the remaining loan of USD 100.0 million was refinanced to a new 7-year facility and was reclassified from current liabilities to non-current liabilities. A new working capital facility of USD 4.0 million was also drawn at the time of restructuring.

- *Cash flow*
Cash flow from operations amounted to USD -5.8 million (USD -5.0 million).

Cash flow from investing activities amounted to USD -0.8 million (USD 9.6 million). The positive cash flow from investing activities in 2012 was due to the sale of chemical tanker activities.

Cash flow from financing activities amounted to USD 5.9 million (USD -10.0 million) arising from the USD 2.0 million equity injection and drawing down of the short-term working capital facility. The negative cash flow from financing activities in 2012 was due to the repayment on the mortgage debt.

Cash flow from discontinued activities amounted to USD 0 million (USD -2.8 million).

Cash flow for the year thus amounted to USD -0.7 million (USD -8.2 million), bringing the cash balance at year end to USD 5.4 million (USD 6.1 million).

Discontinued operations in Year 2013

As at 31 December 2013, there were no discontinued operations. The result of discontinued operations in Year 2012 was USD -9.3 million including write-downs. For further details, please refer to Note 3.

Financial highlights of the Company in 2013 (2012 figures in brackets)

The Company reported a net result of USD 19.4 million (USD -64.3 million after a write-down of USD 10.9 million, expense relating to provision for subsidiaries of USD 26.7 million and USD -9.3 million from discontinued operations). At 31 December 2013, the Company's balance sheet amounted to USD 51.8 million (USD 63.5 million). The Company's equity rose to USD 28.2 million (USD -37.4 million) as a consequence of the restructuring exercise in December 2013.

Vision & Strategy

After addressing its capital structure in 2013, the Company is now focused on developing growth opportunities. In view of the encouraging fundamentals for product tankers, the Company believes this is the right time to grow the Company.

Given the financial strength and commitment of the new majority shareholder, this should facilitate the ability to attract other investors. The vision is to develop the Company into a sizeable tanker owner that is firmly established in the capital markets facilitating financial flexibility.

Statutory Corporate Governance Statement

This statutory corporate governance statement covers the financial period 1 January to 31 December 2013.

Corporate Governance

Nordic Shipholding is committed to maintain 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 and made public by NASDAQ OMX Copenhagen. Refer to <http://www.nordicshipholding.com/governance.cfm>

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 which only recently completed its financial restructuring.

Diversity in management

The current Board of Directors consists of 5 men. The Board has laid down a 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

For most of 2013, the management and administration of the Company has been outsourced to Tankers Inc. Holdings A/S.

Following the completion of the restructuring in December 2013, Transport Capital Pte. Ltd. ('Transport Capital') has taken over the management and administration of the Company from Tankers Inc. Holdings A/S. As with the previous manager, 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 are 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 risks considered to have the most significant effect on the 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.

Pools

The product tanker vessels have all been placed in leading pools. Consequently, Nordic Shipholding is dependent on the pools' 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 include financial covenants including (i) minimum liquidity levels (from 19 December 2014 onwards), (ii) minimum value clause (fair market value of vessels as a percentage of outstanding loan) and (iii) minimum equity ratio.

Nordic Shipholding is also subject to a cash sweep mechanism under which Nordic Shipholding each quarter 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. Hence, Nordic Shipholding is restricted from accumulating cash reserves to make strategic vessel acquisitions to expand its business and has to attract new equity to expand the business.

Interest rates

Nordic Shipholding's interest bearing debt with variable interest amounted to USD 104.0 million as per 31 December 2013 (USD 170.0 million). This debt is composed of loans denominated in USD.

All of the Company's interest rate swap transactions were closed-out in connection with the restructuring. The Company is prohibited from entering into new derivative transactions to hedge its interest rate exposure, unless approved by the lending banks. Hence, the Company's entire debt is now uncovered in relation to interest 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.

Foreign exchange risks

The Company uses USD as the functional currency because the majority of the Company's transactions are denominated in USD. Thus the Company's exchange rate risk is related to cash flows not denominated in USD. The primary risk relates to transactions denominated in DKK, EUR, SGD and other major currencies, and relates to administrative and operating expenses.

Credit risk

Nordic Shipholding is reliant on the two pools and their respective pool managers 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 the Group's vessels under similar conditions, which could have a material adverse effect 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 2013

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: 38,946,697 shares
(Security ID code: DK0060083996)

Shares not traded on NASDAQ OMX Copenhagen: 367,211,706 shares
(temporary security ID code: DK006053505)

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 2013

The closing price at year-end 2013 was DKK 0.72, an increase of 36% compared with year-end 2012 (DKK 0.53).



Shareholder structure

At 31 December 2013 Nordic Shipholding had 5,157 registered shareholders.

On 31 December 2013 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 2013 Nordic Shipholding held nominally DKK 5,070 treasury shares, corresponding to 50,700 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 2013, and Nordic Shipholding does not expect to distribute any dividend for the financial year 2014 either. In the years to come, the Company will seek to improve its equity ratio and pursue an active investment policy, including focus on the expansion of the fleet, and will to the extent possible simultaneously strive to generate sufficient capital to distribute dividends.

Procedures for election of members to the Board of Directors

Except for Jon Robert Lewis, Anil Kumar Gorthy and Philip Clausius who are elected to the Board of Directors at an Extraordinary General Meeting on 17 December 2013, the rest of the members of the Board of Directors are elected at the General Meeting.

Three Board members, Erik Bartnes, Mogens Buschard and Saravana Sivasankaran, resigned from their position as board members upon completion of the restructuring.

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 2014

Annual Report 2013	11 March 2014
Ordinary general meeting	15 April 2014
Interim report - Q1 2014	27 May 2014
H1 interim report 2014	26 August 2014
Interim report - Q3 2014	25 November 2014

Board of Directors and Executive Board

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 Den Danske Maritime Fund, 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 ACP Trading Limited, ARCH Secretaries Limited, Ariel Asset Daebu Yuhanhoeasa, Ariel Asset Holding B.V., Asia Sapphire Pte. Ltd., Asia Pragati Capfin Private Limited, China Equity Investments Limited, DBZ (Cyprus) Limited, Indigo Star Investments Limited, Nordic Maritime S.à r.l., Numen Holding B.V., Pacific Alliance Equity Partners Limited, 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, Pacific Mainland Capital Management Co. Ltd., PAEL Secretaries Limited, PAEP Management Limited, PAEP Secretaries Limited, PAFF Secretaries Limited, PAG – KP Management Limited, PAG Asia Capital GP I Limited, PAG Asia Loan Limited, PAG Asia Loan Management Limited, PAG China Equity Investment Management Limited, PAG China Investment Limited, PAG China Limited, PAG Consulting Australia Pty Ltd., PAG Credit Opportunities Limited, PAG Credit Opportunities Management Limited, 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, PAIM GP I Limited, PAIM GP II Limited, PAIM Secretaries Limited, PAL GP I Limited, PAL GP II Limited, PA-LF Secretaries Limited, PARE Secretaries Limited, PASS Secretaries Limited, PA-W Secretaries Limited, PAX Secretaries Limited, SCJREP IV HK Limited, Truman Holding B.V., Pacific Alliance Business Consulting (Shanghai) Co. Ltd.

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

Kristian V. Morch

Member of the Board.

Born 1967. Elected to the Board of Directors 20 April 2012.

Background:

Partner & CEO in Clipper Group. Previously 23 years with A.P. Møller-Maersk A/S, latest as COO for Maersk Tankers.

Education:

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

Other management duties, etc.:

Member of the Board of Directors of Komplementarselskabet Clipper Air Transport ApS, Clipper Bulk A/S, Clipper Ferry Invest A/S, Clipper Lines A/S, Clipper Tankships A/S, Thorco Shipping A/S, and Clipper Projects A/S.

Kristian V. Morch is considered not independent as the Group has had transactions with the Clipper Group of which he is the Partner & CEO.

Anil Kumar Gorthy

Member of the Board.

Born 1975. Elected to the Board of Directors 17 December 2013.

Background:

Partner and Managing Director in PAG.

Education:

Bachelor in Technology and MBA from Indian Institute of Management, Calcutta.

Other management duties, etc.:

Member of the Board of Directors of Achieve Glory Pte. Ltd., Alpena Pte. Ltd., Asia Pragati Capfin Private Limited, Bryanston Pte. Ltd., Cash Springs Pacific Limited, Claviger Investment Pte. Ltd., Grand Paradise Pte. Ltd., Jupiter Capital Management Pte Ltd, Macro Capital Pte. Ltd., Quilington Pte. Ltd., Riko Investment Pte. Ltd., Savile Pte. Ltd., SC INVESTMENT ADVISORS PTE. LTD., Swarna Pragati Housing Microfinance Private Limited, The Great Insight Capital Pte. Ltd., and Tokee Pte. Ltd.

Anil Kumar Gorthy is not considered independent due to his relationship with major shareholder of the Company.

Philip Clausius

Chief Executive Officer (CEO)

Born 1968. Elected to the Board of Directors 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.:

CEO of Transport Capital Pte. Ltd., Singapore, Advisory board member of Singapore Maritime Foundation, and supervisor to the Board of Columbia Shipmanagement (Shanghai) Co. Ltd.

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

Executive Board

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 2013

Board Member	Shares owned
Knud Pontoppidan	102,052
Jon Robert Lewis	-
Kristian V. Morch*	4,400
Anil Kumar Gorthy	-
Philip Clausius	-

*Excluding shares owned by Clipper

Management Statement

We have today considered and approved the annual report of Nordic Shipholding A/S for the financial year 1 January – 31 December 2013.

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 2013 and of their financial performance and their cash flows for the financial year 1 January – 31 December 2013.

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, 11 March 2014

Executive Board

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

Anil Kumar Gorthy

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 2013, 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 2013 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 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Emphasis of matter

Without qualifying our opinion, we draw attention to the Financial Statements Note 0 "Going concern and uncertainties regarding 2014", where the Board of Directors and Executive Board describe Nordic Shipholding's financial position, cashflow assumptions for 2014 and other uncertainties which could impact the result negatively.

The Financial Statements are prepared based on the going concern principle. The matters described in Note 0 indicate the existence of uncertainties which may cast doubt about the ability of Nordic Shipholding A/S to continue as a going concern due to potential breach of loan covenants. In the note, Management state that they expect to find a solution for the financing of the Group, if the Group should breach loan covenants.

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, 11 March 2014
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Thomas Wraae Holm
State Authorised Public Accountant

Christian F. Jakobsen
State Authorised Public Accountant

Financial Statements

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

Note	Amounts in USD thousand	Company		Group	
		2013	2012	2013	2012
	Total revenue	13,580	13,561	60,002	57,333
	Voyage related expenses	(8,405)	(8,779)	(34,121)	(30,916)
	Time charter equivalent revenue (TCE revenue)	5,175	4,782	25,881	26,417
	Expenses related to the operation of vessels	(2,712)	(3,344)	(18,711)	(16,646)
4	Staff costs	(287)	(1,091)	(287)	(1,091)
5	Other external costs	(2,216)	(847)	(3,282)	(2,167)
	Earnings before depreciation (EBITDA)	(40)	(500)	3,601	6,513
6	Depreciation	(1,076)	(1,619)	(5,630)	(7,642)
6	Write-downs	-	(10,888)	-	(39,713)
	Operating result (EBIT)	(1,116)	(13,007)	(2,029)	(40,842)
7	Write-down of investments in subsidiaries	(5,541)	(5,982)	-	-
8	Gain from restructuring	28,561	-	28,561	-
9	Financial income	-	1,439	-	1,104
10	Financial expenses	(2,450)	(37,455)	(7,061)	(15,228)
	Result before tax from continuing operations	19,454	(55,005)	19,471	(54,966)
11	Tax on result from continuing operations	(19)	(11)	(36)	(50)
	Result after tax from continuing operations	19,435	(55,016)	19,435	(55,016)
3	Result from discontinued operations	-	(9,278)	-	(9,278)
	Result	19,435	(64,294)	19,435	(64,294)

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

Note	Amounts in USD thousand	Company		Group	
		2013	2012	2013	2012
	Result	19,435	(64,294)	19,435	(64,294)
	Transferred to the income statement, financial expenses	579	770	579	770
	Transferred to the income statement, gain from restructuring	1,541	-	1,541	-
	Transferred to the income statement, result from discontinued operations	-	985	-	985
	Other comprehensive income that are or may be reclassified to the income statement	2,120	1,755	2,120	1,755
	Total comprehensive income	21,555	(62,539)	21,555	(62,539)
	Distribution of result				
	Parent Company	19,435	(64,294)	19,435	(64,294)
	Non-controlling interest	-	-	-	-
	Distribution of comprehensive income	19,435	(64,294)	19,435	(64,294)
	Parent Company	21,555	(62,539)	21,555	(62,539)
	Non-controlling interest	-	-	-	-
		21,555	(62,539)	21,555	(62,539)
12	Earnings per share (EPS)			0.37	(1.65)
12	Diluted earnings per share			0.37	(1.65)

Statement of financial position - Assets at 31 December

Note	Amounts in USD thousand	Company		Group	
		2013	2012	2013	2012
	Non-current assets				
13	Vessels and docking	25,841	26,917	118,170	123,000
13	Plant, equipment and pre-payments	-	-	-	-
	Tangible assets	25,841	26,917	118,170	123,000
14	Investment in subsidiaries	60	17,490	-	-
18	Other financial assets	141	141	141	141
	Financial assets	201	17,631	141	141
	Total non-current assets	26,042	44,548	118,311	123,141
	Current assets				
	Lubricant stocks	760	79	2,664	1,984
15	Trade receivables	1,685	1,427	7,594	5,794
16	Receivables from related companies	22,307	-	-	-
17	Other receivables	590	17,144	3,844	21,260
	Total receivables	25,342	18,650	14,102	29,038
18	Cash & cash equivalents	423	263	5,391	6,125
	Total current assets	25,765	18,913	19,493	35,163
	Total assets	51,807	63,461	137,804	158,304

Statement of financial position

- Equity and Liabilities at 31 December

Note	Amounts in USD thousand	Company		Group	
		2013	2012	2013	2012
23	Share capital	7,437	6,695	7,437	6,695
	Retained earnings	(37,500)	(100,270)	(37,500)	(100,270)
	Restricted reserves	58,266	58,266	58,266	58,266
	Reserves	-	(2,120)	-	(2,120)
	Equity, parent company	28,203	(37,429)	28,203	(37,429)
	Equity, non-controlling interests	-	-	-	-
	Total equity	28,203	(37,429)	28,203	(37,429)
	Liabilities				
19	Finance loans, etc.	21,951	-	99,801	-
21	Provisions	-	-	-	-
	Non-current liabilities	21,951	-	99,801	-
21	Provisions	-	24,753	-	-
19	Finance loans, etc.	24	53,962	4,113	185,185
20	Trade payables	1,608	1,649	5,642	7,354
	Payables related companies	-	17,364	-	-
	Corporation tax	16	-	40	32
22	Other liabilities	5	3,161	5	3,161
	Total current liabilities	1,653	100,889	9,800	195,732
	Total liabilities	23,604	100,889	109,601	195,732
	Liabilities and equity	51,807	63,461	137,804	158,304

Statement of changes in equity - Company

Amounts in USD thousand	Share-capital	Retained earnings	Restricted reserves	Reserve for fair value of financial instruments	Total equity
Shareholders' equity at 1 January 2013	6,695	(100,270)	58,266	(2,120)	(37,429)
Capital decrease	(6,024)	6,024	-	-	-
Capital increase	6,766	37,232	-	-	43,998
Share-based payment	-	79	-	-	79
Transactions with owners	742	43,335	-	-	44,077
Result for the year	-	19,435	-	-	19,435
Other comprehensive income that are or may be reclassified to the income statement:					
Transferred to the income statement, financial expenses	-	-	-	579	579
Transferred to the income statement, gain from restructuring	-	-	-	1,541	1,541
Total other comprehensive income	-	-	-	2,120	2,120
Total comprehensive income	-	19,435	-	2,120	21,555
Shareholders equity at 31 December 2013	7,437	(37,500)	58,266	-	28,203
Shareholders' equity at 1 January 2012	6,695	(36,372)	58,266	(3,875)	24,714
Share-based payment	-	396	-	-	396
Transactions with owners	-	396	-	-	396
Result for the year	-	(64,294)	-	-	(64,294)
Other comprehensive income that are or may be reclassified to the income statement:					
Transferred to the income statement, financial expenses	-	-	-	770	770
Transferred to the income statement, discontinued operations	-	-	-	985	985
Total other comprehensive income	-	-	-	1,755	1,755
Total comprehensive income	-	(64,294)	-	1,755	(62,539)
Shareholders equity at 31 December 2012	6,695	(100,270)	58,266	(2,120)	(37,429)

For information about treasury shares and share capital please refer to Note 23.

Statement of changes in equity - Group

Amounts in USD thousand	Share-capital	Retained earnings	Restric- ted res- erves	Reser- ved for fair value of instru- ments	Equity parent com- pany	Non- control- ling inter- est	Equity group
Shareholders' equity at 1 January 2013	6,695	(100,270)	58,266	(2,120)	(37,429)	-	(37,429)
Capital decrease	(6,024)	6,024	-	-	-	-	-
Capital increase	6,766	37,232	-	-	43,998	-	43,998
Share-based payment	-	79	-	-	79	-	79
Transactions with owners	742	43,335	-	-	44,077	-	44,077
Result for the year	-	19,435	-	-	19,435	-	19,435
Other comprehensive income that are or may be reclassified to the income statement:							
Transferred to the income statement, financial expenses	-	-	-	579	579	-	579
Transferred to the income statement, gain from restructuring	-	-	-	1,541	1,541	-	1,541
Total other comprehensive income	-	-	-	2,120	2,120	-	2,120
Total comprehensive income	-	19,435	-	2,120	21,555	-	21,555
Shareholders' equity at 31 December 2013	7,437	(37,500)	58,266	-	28,203	-	28,203
Shareholders' equity at 1 January 2012	6,695	(36,390)	58,266	(3,875)	24,696	18	24,714
Share-based payment	-	396	-	-	396	-	396
Transactions with owners	-	396	-	-	396	-	396
Result for the year	-	(64,294)	-	-	(64,294)	-	(64,294)
Other comprehensive income that are or may be reclassified to the income statement:							
Transferred to the income statement, financial expenses	-	-	-	770	770	-	770
Transferred to the income statement, discontinued operations	-	18	-	985	1,003	(18)	985
Total other comprehensive income	-	18	-	1,755	1,773	(18)	1,755
Total comprehensive income	-	(64,276)	-	1,755	(62,521)	(18)	(62,539)
Shareholders' equity at 31 December 2012	6,695	(100,270)	58,266	(2,120)	(37,429)	-	(37,429)

Statement of cash flow

1 January - 31 December

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Operating result (EBIT)	(1,116)	(13,007)	(2,029)	(40,842)
Depreciation and write-downs	1,076	12,507	5,630	47,355
Gain/loss on sales etc.	-	(210)	-	(210)
Share based payment	79	396	79	396
Changes in inventories	(682)	5	(680)	(1,436)
Changes in receivables	376	649	(1,629)	(4,242)
Changes in liabilities	(655)	(1,833)	(817)	1,948
Paid financial expenses	(1,721)	(2,652)	(6,332)	(7,924)
Paid taxes during the year	(3)	(11)	(28)	(18)
Cash flow from continuing operating activities	(2,646)	(4,156)	(5,806)	(4,973)
Cash flow from discontinued operating activities	-	361	-	1,455
Cash flow from operating activities	(2,646)	(3,795)	(5,806)	(3,518)
Investments in tangible assets	-	-	(800)	(353)
Investment in subsidiary	(60)	-	-	-
Loans to subsidiaries	-	(6,364)	-	-
Sale of subsidiaries etc.	-	10,000	-	10,000
Cash flow from continuing investment activities	(60)	3,636	(800)	9,647
Cash flow from discontinued investment activities	-	10	-	(1,365)
Cash flow from investment activities	(60)	3,646	(800)	8,282
Financing raised	-	-	3,872	-
Capital increase	2,000	-	2,000	-
Loans from subsidiaries	866	-	-	-
Payment on mortgage debt	-	-	-	(10,000)
Cash flow from continuing financing activities	2,866	-	5,872	(10,000)
Cash flow from discontinued financing activities	-	(982)	-	(2,918)
Cash flow from financing activities	2,866	(982)	5,872	(12,918)
Cash flow for the year	160	(1,131)	(734)	(8,154)
Cash as of 1 January	263	1,394	6,125	14,279
Cash at the end of the year	423	263	5,391	6,125

List of Notes

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Note 4	Staff costs
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Note 12	Earnings per share
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0. Going concern and uncertainties regarding 2014

In the Group's 2012 Annual Report, it was disclosed that there was material uncertainty relating to the Group's and Nordic Shipholding A/S' (the 'Company') ability to continue its operations (going concern) as there was no long-term solution for the Company's financial difficulties amid the ongoing discussions between the Company and the lending banks (Nordea and Danish Ship Finance). A moratorium from the Company's lending banks regarding contractual instalment payments and covenants on the Group's and the Company's loans secured on the vessels was extended until 30 June 2013. This moratorium was subsequently extended till 31 December 2013.

Restructuring

On 19 December 2013, the Company completed a restructuring exercise. The capital of the Company was restructured with the following key features:

- Certain portion of the debt (including the outstanding interest rate swap) was converted to equity;
- Remaining debt was re-financed into new long-term facility with existing lending banks;
- New capital injection;
- New working capital facility with existing lending banks.

Converted debt to equity

Out of the total debt outstanding as at 19 December 2013, debt and interest rate swap amounting to USD 72.1 million were converted into new shares. The new shares issued comprised 90% of the total enlarged issued shares of the Company. After the share issuance, the new shareholders, Nordic Maritime S.á.r.l. ('Nordic Maritime') and the existing lending banks hold 75% and 15% respectively in the Company.

Refinancing of remaining debt into new long-term facility with existing lending banks

The remaining debt of USD 100.0 million was re-financed into a new 7-year facility with no principal amortisation in the first year (Year 2014), subject to a cash sweep mechanism and new covenants. Please see the discussion in the following section 'Financing Agreements' for additional details relating to the debt.

New capital injection

Nordic Maritime also injected fresh capital of USD 2.0 million in cash as part of the restructuring. This brings Nordic Maritime's shareholding in the Company to 76.03%, the lending banks owns 14.38% and the original shareholders were diluted down to 9.59% of the enlarged shares issued.

New working capital facility with existing lending banks

As part of the re-financed 7-year facility, a new 364-day USD 4.0 million working capital line was also available to the Group. This working capital facility was fully drawn on 19 December 2013. Please see the discussion in the following section 'Financing Agreements' for additional details relating to the working capital facility.

Financing Agreements

As part of the restructuring, the remaining debt was refinanced into a new USD 100.0 million facility (comprising two loans agreements). As part of this new facility, there is also a USD 4.0 million working capital facility. These facilities carry an interest of 3 or 6 month Libor plus a margin of 3% per annum.

Working capital repayment

The working capital facility must be repaid in full no later than 18 December 2014.

USD 100.0 million facility repayment

The facility has a 7-year tenor and will mature on 30 December 2020. The facility carries no amortisation in Year 2014.

Cash sweep mechanism

On each interest payment date, after the payment of instalments and interest under the financing agreements, any cash and cash equivalents of the Group in excess of USD 6.0 million ('Excess Cash') shall be applied towards prepayment of the facilities (repayment under the working capital facility takes priority over the USD 100.0 million facility).

Change of control clause

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.

Covenants/undertakings

The main covenants/undertakings are:

- Minimum liquidity: Starting from 19 December 2014, the Group must maintain at least USD 3.0 million in cash or cash equivalent;
- Minimum value clauses;
- Equity ratio.

Forecast for 2014

The following assumptions were used for the forecast for 2014:

- The fleet size remains and employment of the 6 vessels remain unchanged (5 vessels in the Handytankers pool and 1 vessel in the Straits Tankers pool).
- Estimated daily time-charter equivalent rates were provided by the respective pools. For the handy tankers, the TCE rate was around USD 14,000 (+ 11.0% or USD 1,394 against average 2013 rates). For the LR1 vessel, the TCE rate was around USD 15,200 (+ 5.9% or USD 846 against average 2013 rates).
- Operating expenditure is based on the respective technical managers' 2014 budgets. The estimated average daily operating expenditure is forecasted at around USD 6,384 (-17.3% or USD 1,338 against 2013 daily rates).
- Estimated dry docking costs as advised by the respective technical managers.
- Interest expense is based on a 3 month LIBOR of 0.5%.

Uncertainties for 2014

Insurance receivables for Nordic Ruth

The receivables from the insurance claims for Nordic Ruth are earmarked to pay down the working capital facility as and when the claims proceeds were received. As the Group is still awaiting confirmation from the insurance adjuster regarding the final amount to be recovered, there is uncertainty if the final amount received is materially less than the anticipated amount.

Uncertainty on projected pool distributions

The ability to generate sufficient cash flows to pay operating expenses, dry docking costs and interest payments may be uncertain as the projected income from the 2 pool operators may differ from actual performance.

Uncertainty on freight rates, operating expenditure and vessels' valuations

As freight rates are volatile, a 10% decrease in the pool income (on a time charter-equivalent basis) would result in about USD 3.0 million decrease in the projected cash flows. Actual operating expenditure could be higher than forecasted. A 10% increase in the daily operating expenditure would result in about USD 1.4 million decrease in the projected cash flows. Vessel valuations are also unpredictable and fluctuate in accordance with market conditions.

Going concern assumptions

The financial statements are prepared based on the going concern principle, as the Group based on management's forecast for 2014, is not expected to breach any covenants.

Even though management expects the Group to be in compliance with covenants throughout 2014, there is uncertainty regarding the development in freight rates, reduction in operating expenditure and collection of the insurance receivable. If the freight rates do not increase as expected, operating expenditure do not decrease as expected, or if the insurance receivable is not received, this could lead to breach of covenants in 2014.

These and other forecast assumptions in 2014 may cast doubt about the ability of Nordic Shipholding A/S to continue as a going concern. If the Group should breach any loan covenants, management expects to find a solution for the financing of the Group.

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 relates to:

- going concern principle,
- measurement of vessels,
- depreciation periods,
- gain from restructuring,
- recognition of deferred tax assets, and
- docking of Nordic Ruth.

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.

Going concern principle

Management has presented the financial statements on the basis of going concern. The principle is applied under the assumption that the Company will be able to meet its current liabilities as and when due based on the forecast for Year 2014. Please see Note 0 for further details.

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 Straits Tankers pool 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 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 2013 (2012: USD 39.7 million). The carrying amount of vessels at 31 December 2013 amounted to USD 118.2 million (2012: USD 123.0 million).

Based on the continued uncertain freight market, management has assessed and decided not to write-back any portion of the impairment that was written-down in 2012.

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 2013 amounted to USD 118.2 million (2012: USD 123.0 million).

Gain from restructuring

The transaction price of USD 35.0 million paid by Nordic Maritime for a post-restructuring ownership share of 75% of the share capital (before they exercised their option to subscribe for additional shares) was used as a basis to determine the total calculated value of shares issued to Nordic Maritime and the lending banks as a result of the restructuring. As such, the total calculated value of shares issued was determined to be USD 42.0 million for a debt conversion of USD 72.1 million (debt and interest rate swap). This results in a gain of approximately USD 30.1 million before adjusting for net hedging loss (for the interest rate swap) accumulated in other comprehensive income of USD 1.5 million.

Recognition of deferred tax assets

Entities in the Group are taxed in accordance with the Danish Tonnage Tax Act for shipping activities, general tax legislation for other activities and net financial income and local tax legislation for foreign entities.

Deferred tax assets arising from unused tax losses are recognised to the extent that management expects such to be offset in future taxable income. The carrying amount of deferred tax assets at 31 December 2013 amounted to USD 0 million (2012: USD 0 million).

Docking of Nordic Ruth

From December 2012 to June 2013, Nordic Ruth went off-hire due to severe damages in the vessel's water ballast tanks. As at 31 December 2013, the expected amount receivable from the insurer is USD 1.7 million and is still encumbered with uncertainty. Cost capitalised as dry-docking amounted to USD 0.8 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 2012 with the exception of the adjustments resulting from the implementation of new and revised standards and interpretation as described below.

New accounting policies including presentation and implementation of accounting standards

Nordic Shipholding has adopted all new, amended standards, revised accounting standards and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 1 January 2013 - 31 December 2013.

With effect from 1 January 2013, the following new and amended IFRSs and Interpretations were implemented: Annual improvements 2009-2011, IFRS 7, IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 1, IAS 19, IAS 27, IAS 28, IAS 32 and IFRIC 20.

Nordic Shipholding has implemented these standards which had no material impact on the financial statements for the current or future years. IFRS 11 has been pre-implemented as this standard is first effective in EU for 1 January 2014. The activities of vessels operating in pools are treated as joint operations. Earnings are recognised gross in the income statement compared to previously net on a time charter-equivalent basis. This change in revenue recognition had no impact on the Statement of Financial Position for the Company and the Group.

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. It is management's assessment that none of these will have a material effect to the Financial Statements for 2014.

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 Company, directly or indirectly, owns more than 50% of the voting rights or in any other way can or does exercise a controlling influence.

Entities which are by agreement managed jointly with one or more other enterprises are considered to be jointly controlled entities 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 jointly controlled entities. 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 jointly controlled entities 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 equity of the jointly controlled entity is recognised in Group equity.

Business combinations

The cost of an acquisition is measured as the aggregate of the consideration transferred by the Group to obtain control of a subsidiary. The consideration transferred is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs incurred are expensed.

The date of acquisition is the date on which control of the enterprise is effectively transferred. Enterprises that have been sold or wound up are recognised in the consolidated financial statements until the date of the sale or the winding up. The date of sale is the date on which control of the enterprise is effectively transferred to a third party.

On the acquisition of new enterprises, the purchase method is applied according to which the identifiable assets, liabilities and contingent liabilities of the newly acquired enterprises are measured at their fair values at the date of acquisition. Account is taken of the tax effect of the revaluations made.

The excess (goodwill) of the cost of the business combination over the fair value of the acquired assets, liabilities and contingent liabilities is recognised as an asset under intangibles and is tested for impairment at least once every year. If the carrying amount of the asset exceeds its recoverable amount, it is written down to the lower recoverable amount. If negative goodwill arises, the calculated fair values and the calculated cost of the enterprise are reassessed. If, after reassessment, the fair value of the acquired assets, liabilities and contingent liabilities continues to exceed the cost, the balance is credited to the income statement.

Subsequent change to the fair value of the contingent consideration is in accordance with IAS 39 recognised in comprehensive income.

Profit or loss from the sale of subsidiaries

Profits or losses from the sale, winding up or loss of control in subsidiaries are stated as the difference between the sum received from the sale, winding up or the fair value at the time of loss of control and the carrying amount of the net assets at the time of selling, winding up or loss of control, including goodwill, accumulated foreign currency translation adjustments recognised directly in equity and expected costs of sale or winding up. The selling price is measured at fair value of the consideration received.

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.

Derivative financial instruments

Derivative financial instruments, primarily interest rate swaps, are used for hedging purposes. Derivative financial instruments are initially measured at fair value on the contract date. Derivative financial instruments are subsequently measured at fair value at the balance sheet date.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as effective hedges of future transactions are recognised in other comprehensive income. When the hedged transactions are realised, accumulated changes are recognised as part of the cost of the transactions.

Derivative financial instruments that do not qualify for hedge accounting are classified as held for trading and measured at fair value, and changes in fair value are recognised in comprehensive income as financial income or expenses as they occur.

If the derivative financial instruments do not longer qualify for hedge or future transactions the hedge reserve recycled over the remaining period of the derivative contract or the time hedged transactions are realised.

Segment information

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

Discontinued operations and noncurrent assets held for sale

Discontinued operations are significant business areas that have been sold or are classified as held for sale pursuant to a plan. Subsidiaries held exclusively for resale are considered to be discontinued operations.

The results of discontinued operations are presented in the income statement as a separate item consisting of the operating profit or loss after tax from the operation and any profits or losses resulting from fair value adjustments or the sale of the operations and associated liabilities.

The asset or disposal Group is classified as 'held for sale' and presented separately in the statement of financial position. Liabilities are classified as 'held for sale' and presented as such in the statement of financial position if they are directly associated with a disposal Group.

Assets and liabilities from discontinued operations and assets held for sale except financial assets are measured at the lower of carrying amount and fair value less costs to sell. Assets held for sale are not depreciated.

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.

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

Nordic Shipholding generates its revenue 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.

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 wages and salaries, directors' fees, social security and pension costs, etc. 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 gains and losses on payables and transactions in foreign currencies, mortgage amortisation premium/allowance as well as additions and allowances under the on account tax scheme. 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

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. The Company and Danish subsidiaries are jointly taxed. On disposal of vessels acquired pre-2007 gains calculated as the difference between the carrying amount of vessels and their taxable acquisition price are tax is provided for at a rate of 25% of the taxable. Corporate income tax payable by foreign entities is provided for in accordance with local legislation. 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 over a period of 30 months. 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.

Lease commitments

Lease payments relating to operating leases are recognised using the straight line method in the income statement over the term of the leases.

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.

Deferred income

Deferred income recognised under liabilities comprises received income for recognition in subsequent financial years. Deferred income is measured at nominal value.

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 from discontinued activities are presented separately in the cash flow statement.

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 less any bank overdrafts which form an integral part of the Group's cash management.

Supplementary accounting policies for the Company

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. Discontinued operations and assets held for sale

On 27 March 2012, Nordic Shipholding, Triton and the banks reached an agreement on the divestment of Nordic Shipholding's chemical tanker operations.

The divestiture of the chemical tanker activities comprised of a sale of all nine owned chemical tanker vessels, related bank debt and working capital, the six chartered-in chemical vessels, all contracts of affreightment and the organisation of Nordic Shipholding, encompassing commercial and technical management, administration and corporate management.

The purchase price was agreed at USD 30.0 million, of which the cash payment of USD 10.0 million was applied towards reducing the bank debt in the six product tankers remaining in the listed entity, while the remaining two-thirds was lent to the Company acquiring the nine owned chemical tanker vessels, as a vendor note.

The agreement was executed on 30 April 2012.

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Result for the year – discontinued operations				
Revenue	-	8,808	-	43,860
Voyage related expenses	-	(5,395)	-	(21,337)
Time charter equivalent revenue (TCE revenue)	-	3,413	-	22,523
Other costs, depreciations etc.	-	(4,880)	-	(27,009)
Write-downs	-	(7,811)	-	(4,792)
Result before tax, etc.	-	(9,278)	-	(9,278)
Tax	-	-	-	-
Result for the year – discontinued operations	-	(9,278)	-	(9,278)
Cash flows from discontinued operations				
Cash flow from operating activities	-	361	-	1,455
Cash flow used for investing activities	-	10	-	(1,365)
Cash flow from financing activities	-	(982)	-	(2,918)
Net cash flow from discontinued operations	-	(611)	-	(2,828)

No assets were held for sale at 31 December 2013 (2012: USD 0 million). The agreement for divestment of the chemical tanker activities was entered on 27 March 2012 and executed on 30 April 2012.

4. Staff costs

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Staff costs				
Wages and salaries	(208)	(710)	(208)	(710)
Contribution based pension	-	(39)	-	(39)
Other staff expenses	-	-	-	-
Share-based payment	(79)	(342)	(79)	(342)
Total staff costs	(287)	(1,091)	(287)	(1,091)
Of which:				
Board of Directors:				
Remuneration to the Board of Directors	(208)	(257)	(208)	(257)
Executive Board:				
Salary	-	(453)	-	(453)
Contribution based pension	-	(39)	-	(39)
Share-based payment	(79)	(342)	(79)	(342)
Total remuneration	(287)	(1,091)	(287)	(1,091)
Average numbers of full-time employees	-	2	-	2

Prior to the restructuring on 19 December 2013, Nordic Shipholding A/S was in a management contract with Hafnia Tankers (formerly Tankers Inc. Holdings A/S) for the day to day management and operation of the Company. As part of the management agreement, Hafnia Tankers provides a CEO for the Company. The CEO is the only employee in the Company and is not remunerated.

Upon the completion of the restructuring, the Company entered into a new corporate management agreement with Transport Capital Pte. Ltd., who has taken over the corporate management responsibilities from Hafnia Tankers. Philip Clausius has also succeeded Thomas Andersen as CEO of the Company with effect from 2 January 2014.

For information related to share-based payment, please refer to Note 25.

5. Auditor fee

Amounts in USD thousand	Group	
	2013	2012
Statutory audit of annual accounts	(162)	(215)
Other assurance services	(25)	(4)
Tax advices	(144)	(16)
Other assistance	(388)	(423)
Total fees	(719)	(658)

The above is for the corporate auditor, PricewaterhouseCoopers.

6. Depreciation and write-down

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Depreciation - tangible assets	(1,076)	(1,619)	(5,630)	(7,642)
Total depreciation	(1,076)	(1,619)	(5,630)	(7,642)
Write-down - intangible assets	-	-	-	(2,027)
Write-down - tangible assets	-	(10,888)	-	(37,686)
Total write-down	-	(10,888)	-	(39,713)
Total depreciation and write-down	(1,076)	(12,507)	(5,630)	(47,355)

Impairment test

In accordance with IAS 36, intangible assets with indefinite lives are tested for impairment at least annually and tangible assets are tested if there are indications of impairment. 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 Amy) together as they are managed by the same pool manager, Handytankers pool ('Handytankers vessels') whereas Nordic Anne is managed by Straits Tanker pool. 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. As the estimated sale price less cost of sale exceeded the carrying value of each CGU, management views that there is no necessity to compute the discounted cash flows from these CGUs in Year 2013.

In Year 2012, the calculated net present value is based upon expected development in freight rates, an increase in operating cost of 2% p.a. over the vessels' respective economical life, and a pre-tax discount rate of 9%. As the banks have the option to sell the vessels after the expiry of the 3-month moratorium period, the carrying amount of the vessels were written down to the broker valuations as at 31 December 2012.

Due to uncertainties on the Group's financial situation in Year 2012, a write-down on the intangible assets of USD 2.0 million and a write-down on the tangible assets of USD 37.7 million was made. The net book value of the intangible assets is hereafter USD 0 million, whereas the tangible assets have been written down to USD 123.0 million based on the average of 3 broker valuations.

Despite modest recovery and improvement in valuations between 31 December 2012 and 31 December 2013, the shipping environment is still uncertain. This assessment is based on the historic low levels of freight rates and the historical volatility in the product tankers market. Although the non-current assets by nature are long-term investments, the current negative market conditions and short-term freight rate outlook means that the valuations obtained and impairment tests performed are associated with a high degree of uncertainty.

The increase in valuations could be temporary and not sustainable. In view of the continued low freight rates and the uncertainties regarding the market development, management has assessed and decided not to write-back any portion of the impairment that was written-down in 2012.

7. Write-down of investments in subsidiaries

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Write-down of investments in subsidiaries	(5,541)	(5,982)	-	-
Total write-down of investments in subsidiaries	(5,541)	(5,982)	-	-

The fair value in subsidiaries is considered to be equal to the equity value after the above-mentioned impairment test and a write-down of USD 5.5 million (2012: USD 6.0 million) has thus been made in the Company.

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 restructuring

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Reconciliation of gain from restructuring:				
Difference between carrying amount of loan before restructuring and fair value of new shares issued to lenders as part of restructuring	30,102	-	30,102	-
Reversal of hedging reserve for interest rate swap (terminated due to restructuring)	(1,541)	-	(1,541)	-
Net gain from restructuring	28,561	-	28,561	-

As part of the restructuring in December 2013, Nordic Maritime acquired debt totalling approximately USD 60.0 million, which included a close-out amount as a result of the early termination of the Company's existing interest hedging (swap) agreement with one of the lending banks and converted the acquired debt into new shares in the Company. Nordic Maritime's purchase price for the debt and a post-restructuring ownership share of 75% was agreed to be USD 35.0 million. As a consequence of the restructuring, Nordic Maritime and the Company's lending banks have converted debt (finance loans and interest rate swap) for a total amount of approximately USD 72.1 million into new shares.

Based on the transaction price of USD 35.0 million paid by Nordic Maritime, the total calculated value of shares issued was USD 42.0 million for a debt conversion of USD 72.1 million. This results in a gain of approximately USD 30.1 million before adjusting for net hedging loss accumulated in equity of USD 1.5 million. For further information about the restructuring, please refer to Note 0.

9. Financial income

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Income from exchange rate adjustments	-	439	-	104
Other financial income	-	1,000	-	1,000
Total financial income	-	1,439	-	1,104

10. Financial expenses

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Financial expenses to bank	(6)	(37)	(9)	(30)
Interest on mortgage debt	(1,591)	(4,181)	(6,122)	(8,269)
Fair value adjustments transferred from equity relating to hedge of future cash flows	(579)	(770)	(579)	(770)
Fair value adjustment of interest rate swap	-	37	-	37
Impairment of available-for-sale financial assets	-	-	-	1
Impairment of other receivables	-	(5,173)	-	(5,173)
Expenses from exchange rate adjustments	(13)	(449)	(13)	(99)
Provisions for guarantee commitment to subsidiaries	-	(26,709)	-	-
Other financial expenses	(261)	(174)	(338)	(925)
Total financial expenses	(2,450)	(37,455)	(7,061)	(15,228)
Total net financial income and expenses	(2,450)	(36,016)	(7,061)	(14,124)

In Year 2012, the vendor note included in other receivables has been written down to the carrying value of the debt towards Clipper.

11. Tax

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Current tax expense	(19)	(11)	(36)	(50)
Adjustment deferred tax	-	-	-	-
Tax for the year recognised in the income statement	(19)	(11)	(36)	(50)
Result before tax	19,454	(55,005)	19,471	(54,966)
- of which subject to tonnage taxation or other schemes	(19,454)	55,005	(19,471)	54,958
Adjusted income	-	-	-	(8)
Calculated tax (25%)	-	-	-	2
Tonnage tax	(19)	-	(19)	-
Adjustment due to different tax schemes, foreign entities	-	-	-	(40)
Adjustment of tax for previous years	-	(11)	(17)	(12)
	(19)	(11)	(36)	(50)

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

The Company entered the tonnage tax scheme with effect from 2002 accounting period. 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 2013 (2012: 0).

There are no unrecognised tax liabilities associated with investments in foreign subsidiaries and joint ventures in 2013 and 2012.

There are no losses carried forward after the restructuring in December 2013.

12. Earnings per share

Amounts in USD thousand	Group	
	2013	2012
Earnings per share (EPS)		
Profit/(Loss) for the Company's shareholders	19,435	(64,294)
Number of shares used in calculation of earnings per share:		
Weighted average number of outstanding shares	52,025,470	38,946,697
Number of treasury shares	(50,700)	(50,700)
Number of shares used in calculation	51,974,770	38,895,997
For continuing operations:		
Earnings per share	0.37	(1.41)
Diluted earnings per share	0.37	(1.41)
For discontinued operations:		
Earnings per share	-	(0.24)
Diluted earnings per share	-	(0.24)
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:	2,193,500	2,234,000

Please refer to Note 25 for share-based payment.

13. Tangible assets

Amounts in USD thousand	Company 2013			Total
	Vessel and Docking	Prepayment on vessels under construction	Plant and Equipment	
Cost at 1 January	52,713	-	-	52,713
Additions during the year	-	-	-	-
Cost at 31 December	52,713	-	-	52,713
Depreciation and write-down at 1 January	(25,796)	-	-	(25,796)
Depreciation during the year	(1,076)	-	-	(1,076)
Depreciation and write-down at 31 December	(26,872)	-	-	(26,872)
Book value at 31 December	25,841	-	-	25,841

The carrying amount of vessels pledged as security for finance loans in the Company and the Group is USD 25.8 million.

Group 2013

Amounts in USD thousand	Vessels and Docking	Prepayment on vessels under construction	Plant and Equipment	Total
Cost at 1 January	186,574	-	-	186,574
Additions during the year	800	-	-	800
Cost at 31 December	187,374	-	-	187,374
Depreciation and write-down at 1 January	(63,574)	-	-	(63,574)
Depreciation during the year	(5,630)	-	-	(5,630)
Depreciation and write-down at 31 December	(69,204)	-	-	(69,204)
Book value at 31 December	118,170	-	-	118,170

The carrying amount of vessels pledged as security for finance loans in the Company and the Group is USD 118.2 million.

Geographical split of tangible assets:

Denmark	25,841
The Netherlands	92,329
	118,170

Company 2012

Amounts in USD thousand	Vessel and Docking	Prepayment on vessels under construction	Plant and Equipment	Total
Cost at 1 January	146,541	274	-	146,815
Additions during the year	59,174	(274)	-	58,900
Assets reclassified to discontinued operations	(153,002)	-	-	(153,002)
Cost at 31 December	52,713	-	-	52,713
Depreciation and write-down at 1 January	(50,187)	-	-	(50,187)
Depreciation during the year	(1,619)	-	-	(1,619)
Write-down during the year	(10,888)	-	-	(10,888)
Assets reclassified to discontinued operations	36,898	-	-	36,898
Depreciation and write-down at 31 December	(25,796)	-	-	(25,796)
Book value at 31 December	26,917	-	-	26,917

The carrying amount of vessels pledged as security for finance loans in the Company and the Group is USD 26.9 million.

Group 2012

Amounts in USD thousand	Vessels and Docking	Prepayment on vessels under construction	Plant and Equipment	Total
Cost at 1 January	370,071	329	369	370,769
Additions during the year	683	(329)	-	353
Assets reclassified to discontinued operations	(184,179)	-	(369)	(184,548)
Cost at 31 December	186,574	-	-	186,574
Depreciation and write-down at 1 January	(85,623)	-	(262)	(85,885)
Depreciation during the year	(7,642)	-	-	(7,642)
Write-down during the year	(37,686)	-	-	(37,686)
Assets reclassified to discontinued operations	67,376	-	262	67,639
Depreciation and write-down at 31 December	(63,574)	-	-	(63,574)
Book value at 31 December	123,000	-	-	123,000

The carrying amount of vessels pledged as security for finance loans in the Company and the Group is USD 123.0 million.

Additions relating to business combination	-	-	-	-
Addition of tonnage etc.	683	(329)	-	353
Total additions during the period	683	(329)	-	353

Geographical split of tangible assets:

Denmark	26,917
The Netherlands	96,083
	123,000

14. Investments in subsidiaries

Amounts in USD thousand	Company	
	2013	2012
Cost at 1 January	48,790	63,071
Additions during the year	60	5,000
Disposals during the year	(7,051)	(19,281)
Cost at 31 December	41,799	48,790
Write-down at 1 January	(74,468)	(33,871)
Disposals during the year	(10,439)	8,553
Write-down during the year	(5,541)	(49,150)
Write-down at 31 December	(90,448)	(74,468)
Carrying amount before offset	(48,649)	(25,678)
Offset against intercompany receivables	48,709	18,415
Transferred to provisions	-	24,753
Carrying amount at 31 December 2013	60	17,490

Company summary	Primary operations	Domicile	Owner- ship %	Voting * right %
Subsidiaries for Nordic Shipholding A/S				
Nordic Shipholding B.V.	Management company	Netherlands	100	100
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
Subsidiaries for Nordic Shipholding B.V.				
Nordic CV	Shipowning company	Netherlands	100	100
Nordic 100 CV	Shipowning company	Netherlands	100	100
Colombo Shipping CV	Shipowning company	Netherlands	100	100
General partnership companies				
Delfman Shipping B.V.	General partner	Netherlands	100	100

* For the Group

In 2012, the following companies were included, which were liquidated in 2013:

Subsidiaries for Nordic Shipholding A/S

A/S Nordic Inge i likvidation
K/S Nordic Marianne i likvidation
K/S Nordic Nadja i likvidation
K/S Nordic Nelly i likvidation
K/S Nordic Nora i likvidation
Nordic Copenhagen Shipping Co. Pte. Ltd
Nordic Oslo Shipping Co. Pte. Ltd
Nordic Tankers (USA) Inc.

General partnership companies

Nordic Marianne ApS i likvidation
Nordic Nadja ApS i likvidation
Nordic Nelly ApS i likvidation
Nordic Nora ApS i likvidation

15. Trade receivables

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Receivables from freight	1,685	1,427	7,594	5,794
Total trade receivables	1,685	1,427	7,594	5,794

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

16. Receivables from related companies

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Receivables from subsidiaries	69,016	18,415	-	-
Share capital not paid in (receivable from subsidiary)	2,000	-	-	-
Offset against investment in subsidiaries	(48,709)	(18,415)	-	-
Total receivables from related companies	22,307	-	-	-

As a precondition for the restructuring, the lending banks called on the Company guaranty in order to transfer part of the loans from the Dutch subsidiaries to the Company. A total amount of USD 53.2 million was transferred from the Dutch subsidiaries to the Company by this call on the guaranty.

For further information about the restructuring, please refer to Note 0.

17. Other receivables

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Pre-payments and deposits	277	75	1,341	961
Other receivables	313	1,942	2,503	5,172
Vendor note	-	15,127	-	15,127
Total other receivables	590	17,144	3,844	21,260

The carrying amount corresponds to the fair value of the receivables. As at 31 December 2013, the other receivables at Group includes insurance receivable of USD 1.7 million for the repair of Nordic Ruth.

18. Financial risks and financial instruments

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

Classification of financial instruments

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Others shares	141	141	141	141
Available-for-sale financial assets	141	141	141	141
Trade receivables	1,685	1,427	7,594	5,794
Receivables from subsidiaries	22,307	-	-	-
Other receivables	590	17,144	3,844	21,260
Cash	423	263	5,391	6,125
Loans, receivables and cash	25,005	18,834	16,829	33,179
Derivative financial instruments used to hedge future cash flows (interest rate swaps)	-	3,161	-	3,161
Financial liabilities used as hedging instruments	-	3,161	-	3,161
Finance loans	21,975	47,409	103,914	178,632
Trade payables	1,608	1,649	5,642	7,354
Payables to subsidiaries	-	17,364	-	-
Other payables	5	-	5	-
Financial liabilities measured at amortised cost	23,588	66,422	109,561	185,986
Contingent consideration	-	6,553	-	6,553
Financial liability measured at fair value in the income statement	-	6,553	-	6,553

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.

Derivative financial instruments:

Interest rate swaps are measured according to generally accepted valuation methods based on relevant observable swap curves and exchange rates.

Contingent consideration:

The fair value assessment of the deferred contingent payment and the purchase price adjustment is the net present value of the expected cash flow from the deferred contingent payment and the purchase price adjustment combined. The effect of a change in the estimates in future periods is not disclosed, as this assessment is not possible to calculate.

An increase in the discount factor level in the calculation of contingent consideration (the major base parameter), by 1 percentage point relative to the discount factor level on the balance sheet date would have had a positive effect on USD 0-0.1 million on the Group's results of operations and equity in 2012.

Company

	Level 1 USD'000s	Level 2 USD'000s	Level 3 USD'000s	Total USD'000s
2013				
Other shares	-	-	141	141
Available-for-sale financial assets	-	-	141	141

	Level 1 USD'000s	Level 2 USD'000s	Level 3 USD'000s	Total USD'000s
2012				
Other shares	-	-	141	141
Available-for-sale financial assets	-	-	141	141

Derivative financial instruments held to hedge future cash flows (interest rate swaps)	-	3,161	-	3,161
Financial liabilities used as hedging instruments	-	3,161	-	3,161

Contingent consideration	-	-	6,553	6,553
Financial liability measured at fair value in the income statement	-	-	6,553	6,553

Group

	Level 1 USD'000s	Level 2 USD'000s	Level 3 USD'000s	Total USD'000s
2013				
Other shares	-	-	141	141
Available-for-sale financial assets	-	-	141	141

	Level 1 USD'000s	Level 2 USD'000s	Level 3 USD'000s	Total USD'000s
2012				
Other shares	-	-	141	141
Available-for-sale financial assets	-	-	141	141

Derivative financial instruments held to hedge future cash flows (interest rate swaps)	-	3,161	-	3,161
Financial liabilities used as hedging instruments	-	3,161	-	3,161

Contingent consideration	-	-	6,553	6,553
Financial liability measured at fair value in the income statement	-	-	6,553	6,553

Movement in Level 3

Amounts in USD thousand	Company and Group	
	2013	2012
Liabilities:		
Balance, beginning of period	6,553	5,957
Additions during the year	-	-
Recognised in income statement, profit and loss (gain)	(6,553)	596
Balance, end of year	-	6,553
Assets:		
Balance, beginning of period	141	1,121
Additions during the year	-	(1)
Recognised in income statement, profit and loss (discontinued operations)	-	(979)
Balance, end of year	141	141

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 2013. 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 (2012: USD 0 million).

Interest rate risks

Prior to the restructuring, it is the Group's policy to hedge interest rate risks on the Group's borrowings when the management assesses that interest payments may be hedged at a satisfactory level compared with the associated costs. Hedging is generally accomplished using interest rate swaps, under which floating-rate loans are converted to fixed-rate loans. Upon the completion of restructuring, all of the Company's interest rate swap transactions were closed-out. The Group is prohibited from entering into new derivative transactions even for hedging purposes, unless approved by the lending banks. As a result, the Group's finance loans is now uncovered in relation to interest risks, and subject to approval by lending banks, the Group will not be able to enter into new derivative transactions to hedge its interest rate exposure.

Group

As at 31 December 2013, the fair value of the Group's outstanding interest rate swaps contracted to hedge interest rate risks on floating-rate loans amounted to a liability of USD 0 million (31 December 2012: USD -3.2 million). The outstanding interest rate swap as at 31 December 2013 has a nominal value of USD 0 million (31 December 2012: USD 70.7 million).

The Group's bank deposits are held in call accounts and carry a floating rate of interest. 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 (2012: USD 1.7 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

As at 31 December 2013, the fair value of the Company's outstanding interest rate swaps contracted to hedge interest rate risks on floating-rate loans amounted to a liability of USD 0 million (31 December 2012: USD -3.2 million). The outstanding interest rate swap as at 31 December 2013 has a nominal value of USD 0 million (31 December 2012: USD 70.7 million).

The Company's bank deposits are held in call accounts and carry a floating rate of interest. Interest rate fluctuations affect the Company'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 0.2 million (2012: USD 0.4 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.

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

	Within 1 year USD'000s	Between 1- 5 years USD'000s	After 5 years USD'000s	Total USD'000s
31.12.2013				
Cash and cash equivalents	423	-	-	423
Finance loans, floating [^]	-	(4,908)	(17,043)	(21,951)
Total	423	(4,908)	-	(21,528)
31.12.2012				
Cash and cash equivalents	263	-	-	263
Finance loans, fixed [^]	(7,500)	-	-	(7,500)
Finance loans, floating [^]	(38,836)	-	-	(38,836)
Contingent considerations, fixed	(6,553)	-	-	(6,553)
Interest rate swaps	(3,161)	-	-	(3,161)
Total	(55,787)	-	-	(55,787)

[^] excludes calculated interest not yet due on finance loans

Group	Within 1 year USD'000s	Between 1- 5 years USD'000s	After 5 years USD'000s	Total USD'000s
31.12.2013				
Cash and cash equivalents	5,391	-	-	5,391
Finance loans, floating [^]	-	(22,360)	(77,640)	(100,000)
Working capital, floating [^]	(4,000)	-	-	(4,000)
Total	1,391	(22,360)	(77,640)	(98,609)
31.12.2012				
Cash and cash equivalents	6,125	-	-	6,125
Finance loans, fixed [^]	(7,500)	-	-	(7,500)
Finance loans, floating [^]	(170,058)	-	-	(170,058)
Contingent considerations, fixed	(6,553)	-	-	(6,553)
Interest rate swaps	(3,161)	-	-	(3,161)
Total	(181,147)	-	-	(181,147)

[^] excludes calculated interest not yet due on finance loans

Liquidity Risks

Upon the completion of the restructuring in December 2013, the Group's existing loans were reduced to one secured loan of USD 100.0 million accompanied by a 364 days working capital facility of USD 4.0 million (the 'Working Capital Facility'). The Working Capital Facility was drawn in full upon completion of the restructuring to cover inter alia late payments from pools, accrued interest and swap interest payment under the existing loan agreements prior to restructuring. The Working Capital Facility matures on 18 December 2014.

As part of the restructuring, 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 the Working Capital Facility upon its maturity, 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:

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Cash	423	263	5,391	6,125
Total	423	263	5,391	6,125

Maturities of liabilities

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

Company

	Book value USD'000s	Within 1 year USD'000s	Between 1- 5 years USD'000s	After 5 years USD'000s	Total USD'000s
2013					
Non-derivative financial liabilities					
Finance loans, floating	(21,951)	(748)	(7,539)	(18,085)	(26,372)
Trade payables	(1,608)	(1,608)	-	-	(1,608)
Interest payable	(24)	(24)	-	-	(24)
Other liabilities	(5)	(5)	-	-	(5)
Total	(23,588)	(2,385)	(7,539)	(18,085)	(28,009)
2012					
Non-derivative financial liabilities					
Finance loans, fixed	(7,500)	(7,500)	-	-	(7,500)
Finance loans, floating	(38,836)	(38,836)	-	-	(38,836)
Contingent consideration, fixed	(6,553)	(6,553)	-	-	(6,553)
Trade payables	(1,649)	(1,649)	-	-	(1,649)
Payables to subsidiaries	(17,364)	(17,364)	-	-	(17,364)
Interest payable	(1,074)	(1,074)	-	-	(1,074)
Total	(72,976)	(72,976)	-	-	(72,976)
Derivative financial instruments					
Derivative financial instruments used to hedge future cash flows	(3,161)	(3,161)	-	-	(3,161)
Total	(3,161)	(3,161)	-	-	(3,161)

Group

	Book value USD'000s	Within 1 year USD'000s	Between 1- 5 years USD'000s	After 5 years USD'000s	Total USD'000s
2013					
Non-derivative financial liabilities					
Finance loans, floating	(100,000)	(3,409)	(34,345)	(82,384)	(120,138)
Working capital, floating	(4,000)	(4,132)	-	-	(4,132)
Trade payables	(5,642)	(5,642)	-	-	(5,642)
Interest payable	(113)	(113)	-	-	(113)
Other liabilities	(5)	(5)	-	-	(5)
Total	(109,760)	(13,301)	(34,345)	(82,384)	(130,030)
2012					
Non-derivative financial liabilities					
Finance loans, fixed	(7,500)	(7,500)	-	-	(7,500)
Finance loans, floating	(170,058)	(170,058)	-	-	(170,058)
Contingent consideration, fixed	(6,553)	(6,553)	-	-	(6,553)
Trade payables	(7,354)	(7,354)	-	-	(7,354)
Interest payable	(1,074)	(1,074)	-	-	(1,074)
Total	(192,539)	(192,539)	-	-	(192,539)
Derivative financial instruments					
Derivative financial instruments used to hedge future cash flows	(3,161)	(3,161)	-	-	(3,161)
Total	(3,161)	(3,161)	-	-	(3,161)

Breach of loan agreements

The Group has not neglected or breached any loan agreement terms in the financial year or the comparative year as the Group was granted a moratorium on instalments and covenants.

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

	Within 1 year USD'000s	Between 1- 5 years USD'000s	After 5 years USD'000s	Total USD'000s
2013				
Non-derivative financial assets				
Trade receivables	1,685	-	-	1,685
Receivables related companies	22,307	-	-	22,307
Other receivables	590	-	-	590
Total	24,582	-	-	24,582
2012				
Non-derivative financial assets				
Trade receivables	1,427	-	-	1,427
Other receivables	17,144	-	-	17,144
Total	18,571	-	-	18,571

Group

	Within 1 year USD'000s	Between 1- 5 years USD'000s	After 5 years USD'000s	Total USD'000s
2013				
Non-derivative financial assets				
Trade receivables	7,594	-	-	7,594
Other receivables	3,844	-	-	3,844
Total	11,438	-	-	11,438
2012				
Non-derivative financial assets				
Trade receivables	5,794	-	-	5,794
Other receivables	21,260	-	-	21,260
Total	27,054	-	-	27,054

There are no overdue receivables in Year 2013 and Year 2012.

19. Finance loans

Amounts in USD thousands	Company		
	2013	2012	
Finance loans			
Payables to lenders are recognised in the balance sheet as follows:			
Non-current liabilities	21,951	-	
Current liabilities	24	53,962	
	21,975	53,962	
At 31 December, the Company had the following loans and credits:			
Currency - USD	Fixed/ floating	2013	2012
Finance loans	floating	21,951	38,836
Loan withdrawal from Clipper	fixed	-	7,500
Contingent consideration	fixed	-	6,553
Calculated interest not yet due on finance loans		24	1,074
		21,975	53,962
Due within one year		24	53,962
Due between 1-2 years		878	-
Due between 2-3 years		1,098	-
Due between 3-4 years		1,466	-
Due between 4-5 years		1,466	-
Due after 5 years		17,043	-
		21,975	53,962

As part of the restructuring in December 2013, finance loans (and interest rate swap) in the Company amounting to USD 17.0 million as well as loans transferred from subsidiaries were converted into new shares. The remaining loan of USD 22.0 million was re-financed into a new 7-year facility with no principal amortisation in Year 2014, subject to a cash sweep mechanism and new covenants.

As the Group is in the process of transferring all its vessels to separate legal entities in Singapore, the underlying loan for each vessel will also be transferred together. Hence, once the Company transferred its vessel to a separate legal entity in Singapore, it will no longer recognise a finance loan in its books.

In connection with the acquisition of the management activities from Clipper Group in January 2010, it was agreed that the payment for the activities would be made as a contingent consideration depending on the financial performance of Nordic Tankers Management A/S and Nordic Tankers Marine Services A/S during the period 2010-2013. End 2012 the total consideration amounted to USD 6.6 million.

In connection with the divestment of the chemical tanker activities in Nordic Shipholding A/S as referred to in company announcement no. 1/2012 and no. 5/2012 a vendor note with a total principal of USD 20.0 million was issued by Nordic Tankers Shipowning A/S in favour of the Company. The option allows Nordic Shipholding A/S to assign the vendor note to Clipper Group A/S against the termination of the Company's obligations towards Clipper Group A/S in an aggregate amount of USD 15.1 million.

Amounts in USD thousands	Group		
	2013	2012	
Finance loans			
Payables to lenders are recognised in the balance sheet as follows:			
Non-current liabilities	99,801	-	
Current liabilities	4,113	185,185	
	103,914	185,185	
At 31 December, the Group had the following loans and credits:			
Currency	Fixed/ floating	2013	2012
Finance loans (USD)*	floating	99,801	170,058
Working capital (USD)	floating	4,000	-
Loan withdrawal from Clipper (USD)	fixed	-	7,500
Contingent consideration	fixed	-	6,553
Calculated interest not yet due on finance loans and working capital		113	1,074
		103,914	185,185
Due within one year		4,113	185,185
Due between 1-2 years		4,000	-
Due between 2-3 years		5,000	-
Due between 3-4 years		6,680	-
Due between 4-5 years		6,680	-
Due after 5 years		77,441	-
		103,914	185,185

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

As part of the restructuring in December 2013, finance loans (and swap) amounting to USD 72.1 million were converted into new shares. The remaining loan of USD 100.0 million was re-financed into a new 7-year facility with no principal amortisation in Year 2014, subject to a cash sweep mechanism and new covenants. As part of the re-financed 7-year facility, a new 364-day USD 4.0 million working capital line was also available to the Group. This working capital facility was fully drawn on 19 December 2013.

The financing agreements, signed as part of the restructuring, 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. Please refer to Note 0 for details of the financing agreements signed as part of the restructuring.

In Year 2012, the Company has been granted a 3-month extension of the moratorium period until 30 June 2013. This moratorium was subsequently extended till 31 December 2013 (after the Annual Report 2012 was signed).

As at 31 December 2012, the finance loans was classified as 'Due within one year' in event that the Company would not be able to honour its commitments towards the lending banks if the moratorium granted is not later extended beyond 30 June 2013.

20. Trade payables

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Suppliers of goods and services	1,608	1,649	5,642	7,354
Total trade payables	1,608	1,649	5,642	7,354

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

21. Provisions

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Provisions for guarantee commitment to subsidiaries	-	24,753	-	-
Other provisions	-	-	-	-
Total provisions	-	24,753	-	-
Provisions at 1 January	24,753	7,723	-	809
Additions during the year	-	17,839	-	-
Transferred to write-down of receivables	(24,753)	-	-	-
Disposals during the year	-	(809)	-	(809)
Provisions at 31 December	-	24,753	-	-

	Within 1 year USD'000s	Between 1-5 years USD'000s	After 5 years USD'000s	Total USD'000s
Company				
2013	-	-	-	-
2012	24,753	-	-	24,753
Group				
2013	-	-	-	-
2012	-	-	-	-

22. Other liabilities

Amounts in USD thousand	Company		Group	
	2013	2012	2013	2012
Derivative financial instruments	-	3,161	-	3,161
Other payables	5	-	5	-
Total other liabilities	5	3,161	5	3,161

The carrying amount of payables relating to tax, social security contributions, holiday pay, etc. Financial instruments and expenses payable correspond to the fair value of the liabilities.

23. Treasury and share capital

Number of shares	Company and Group	
	2013	2012
Treasury shares at 1 January and 31 December	50,700	50,700
Amounts in USD thousand		
Nominal value		
Treasury shares at 1 January	50,700	50,700
Reduction in the Company's share capital	(45,630)	-
Treasury shares at 31 December	5,070	50,700
% of share capital		
Treasury shares at 1 January	0.13%	0.13%
Effect of change in share capital	-0.12%	-
Treasury shares at 31 December	0.01%	0.13%

Share capital as at 31 December 2013

The share capital as at 31 December 2013 consisted of 406,158,403 shares of DKK 0.1 (2012: 38,946,697 shares of DKK 1.0). 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	2013	2012	2011	2010	2009
Share capital at 1 January	6,695	6,695	64,740	12,826	12,826
Capital reduction	(6,024)	-	(58,266)	-	-
Capital increase	6,767	-	221	51,914	-
Share capital at 31 December	7,438	6,695	6,695	64,740	12,826
Number of shares:					
Shares at 1 January	38,946,697	38,946,697	37,764,888	7,180,000	7,180,000
Issue of new shares	367,211,706	-	1,181,809	30,584,888	-
Shares at 31 December	406,158,403	38,946,697	38,946,697	37,764,888	7,180,000

As a condition to the restructuring, 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, the number of new shares issued for debt conversion was 350,520,274. In addition, Nordic Maritime 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.

24. Related party transactions

Amounts in USD thousand	Company	
	2013	2012
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 Board 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:		
Clipper Group and Siva Group held significant interests in 2012 and are considered related parties.		
The Company has engaged in transactions with Clipper as follows:		
• Loan withdrawal from Clipper, including interest payable	-	8,574
• Contingent consideration	-	6,553
Transactions with subsidiaries:		
Technical & Crew Management fee (expense):		
• Nordic Shipholding A/S' purchase of technical management services from Nordic Tankers Marine A/S	-	500
Commercial Management fee (expense):		
• Nordic Shipholding A/S' purchase of commercial management services from Nordic Tankers Management A/S	-	306
Administration (income):		
• Nordic Shipholding A/S' sale of administration services to Nordic Shipholding BV	702	70
• Transfer part of the finance loans from the Dutch subsidiaries to Nordic Shipholding A/S upon the call on guaranty by the lending banks	53,173	-
Receivables and payables from/to subsidiaries at 31 December are disclosed in the balance sheet and in the notes to the financial statements.		
	Group	
Amounts in USD thousand	2013	2012
Related party transactions at Group level		
In addition to the above the following related parties transactions with a significant interest are recorded at Group level:		
Clipper Group and Siva Group held significant interests in 2012 and are considered related parties.		
The Group has engaged in transactions with Clipper Group as follows:		
• Service Level Agreement covering administrative services (expense)	-	160
• Commercial and technical management (income)	-	4,805
• Rent	-	333
The Group has engaged in transactions with Siva Group as follows:		
• Commercial management (income)	-	139
Subsidiaries:		
Management fee (expense):		
• Nordic Tankers Marine A/S purchase of management services from Nordic Tankers Marine SIA	-	238
• Nordic Tankers Management A/S purchase of Management Services from Nordic Tankers USA Inc.	-	1,501
• Nordic Tankers Management A/S purchase of Management Services from Nordic Tankers (Columbia) Ltda.	-	147

Guarantees provided to subsidiaries can be found in Note 26.

Apart from Group inter-company transactions, mentioned above, remuneration of the Board of Directors, Executive Board of the Company and managerial staff, Note 4, Financial income and Financial expenses (Note 9 and 10) and the warrant programmes (Note 25), 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.

25. Incentive plans

In June 2010 and May 2011, the Board of Directors granted warrants to the Company's management and employees. Please refer to below table.

The warrants were granted in accordance with the authorisations given to the Board of Directors by the shareholders. The Board of Directors has fixed the terms of and the size of the grants of warrants, taking into account authorisations from the shareholders, the Company's guidelines for incentive pay, to the extent applicable, an assessment of expectations of the recipient's work efforts and contribution to the Company's growth, as well as the need to motivate and retain the recipient. In addition, the warrants granted are subject to the provisions of the Danish Public Companies Act regarding termination of employees prior to their exercise of warrants in the case of recipients who are subject to the act.

The terms of the warrant plans are included in the Articles of Association. Each warrant gives the holder right to subscribe 1 share of DKK 0.1 if exercised.

The exercise price and exercise periods for the individual grants are stated in the table below.

	Outstanding at 1 January	Addition during the year	Options exercised	Forfeited	Termina- tions	Outstanding at 31 December
2010 programme						
Executive Board	550,000	-	-	-	-	550,000
Other employees	498,000	-	-	(16,000)	-	482,000
Retired employees at 31 December	56,000	-	-	-	-	56,000
Total	1,104,000	-	-	(16,000)	-	1,088,000

Number of warrants which can be exercised at 31 December 2013: **1,088,000**

	Outstanding at 1 January	Addition during the year	Options exercised	Forfeited	Termina- tions	Outstanding at 31 December
2011 programme						
Executive Board	550,000	-	-	-	-	550,000
Other employees	580,000	-	-	(24,500)	-	555,500
Retired employees at 31 December	-	-	-	-	-	-
Total	1,130,000	-	-	(24,500)	-	1,105,500

Number of warrants which can be exercised at 31 December 2013: **1,105,500**

	2011 programme	2010 programme
Specification of parametres for BlackScholes model		
Average share price (DKK)	6.9	9.4
Share exercise price (DKK)	7.76	11.25
Expected volatility rate	45%	45%
Average duration – number of months	36	36
Expected dividend per share	-	-
Risk-free interest rate	3.3%	1.93%
The fair value of the warrants on grant determined by applying the BlackScholes model in DKK.	2.05	2.46
The expected volatility is based on an analysis of peers within the market.		
No further features of the option grant were incorporated into the measurement of the fair value.		
	2011 programme	2010 programme
Weighted average exercise price (DKK)		
Outstanding at 1 January	9.48	9.49
Granted during the year	-	-
Forfeited	0.01	(0.01)
Outstanding at 31 December	9.49	9.48
Amounts in USD thousand		
Recognised costs	79	-

Vesting and exercise periods

Warrants granted in 2010 can be exercised wholly or partly in the period from 24 June 2012 up to and including 24 June 2014. Warrants should be exercised within a period of four weeks after the publication of the Company's annual reports or interim reports. The first period in which warrants granted can be exercised is the four-week period after the publication of the Company's interim report 2012, and the last period in which warrants granted can be exercised is the four-week period after the publication of the Company's annual report for 2013.

Warrants granted in 2011 can be exercised wholly or partly in the period from 4 May 2013 up to and including 4 May 2015. Warrants should be exercised within a period of four weeks after the publication of the Company's annual reports or interim reports. The first period in which warrants granted can be exercised is the four-week period after the publication of the Company's interim report 2013, and the last period in which warrants granted can be exercised is the four-week period after the publication of the Company's annual report for 2014.

26. Contingent liabilities and contractual obligations

Amounts in USD thousand	Company and Group	
	2013	2012
The Company has provided guarantee to the lending banks for the finance loans extended to Nordic Shipholding B.V. ^	81,939	131,223

Lawsuits

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 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 in each case as primary and joint liable obligors, and pledge of bank accounts operated by the Group.

27. Significant events after the balance sheet date

Following the completion of the restructuring, Nordic Shipholding is in the process of transferring its vessels to separate wholly-owned legal entities in Singapore. As of the date of this report, only Nordic Agnetha has been transferred, whilst the remaining 5 vessels will be transferred by 30 June 2014.

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 2010".

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 (%)	$\frac{\text{Average net working capital} * 100}{\text{Revenue}}$