NORDIC SHIPHOLDING

NORDIC SHIPHOLDING A/S
ANNUAL REPORT **2014**

CVR-no.: 76351716

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Contents

Company data

Nordic Shipholding A/S
Sundkrogsgade 19,
DK-2100 Copenhagen, Denmark
Website: www.nordicshipholding.com
Registered office: Copenhagen

2014 in brief

- The Group with its six vessels, continues to be a tonnage provider in the product tanker segment in 2014. The five 37,000 dwt handy tankers remain commercially managed by the Maersk Group in the Handytankers Pool, whilst the 73,000 dwt LR1 Nordic Anne was under the joint commercial management of Hafnia and Mitsui OSK in the Straits Tankers Pool prior to the commencement of a minimum 3-year time-charter fixture in December 2014.

- During the first 5 months of 2014, all the vessels were transferred to separate wholly-owned legal entities in Singapore as part of the restructuring. At the same time, the change of technical managers for all the six vessels was also completed with Columbia Shipmanagement managing Nordic Agnetha, Nordic Amy and Nordic Ruth and Thome Ship Management managing Nordic Hanne, Nordic Anne and Nordic Pia.

- In December 2014, the Group repaid the short term working capital facility of USD 4.0 million extended by the lending banks as part of the restructuring completed on 19 December 2013.

- Gross revenue earned by the 6 vessels reached USD 50.1 million, which resulted in a TCE revenue of USD 27.1 million and an EBITDA of USD 6.8 million. Equity totalled USD 30.6 million.

- The restructuring that was completed on 19 December 2013, and various operational changes implemented in 2014 have strengthened the financial position of the Group. For 2015, barring unforeseen circumstances, the Group is expected to post a modest profit arising mainly from the operations of the 6 vessels.

Group Key Figures 2010-2014

Amounts in USD thousand	2014	2013	2012	2011	2010
Income statement					
Revenue^	50,104	60,002	57,333	-	-
Time charter equivalent revenue (TCE revenue)	27,089	25,881	26,417	24,474	72,319
EBITDA	6,818	3,601	6,513	5,673	3,518
Operating result (EBIT)	5,815	(2,029)	(40,842)	3,277	(27,572)
Net financials	(3,400)	(7,061)	(14,124)	(8,079)	(341)
Result after tax	2,348	19,435	(55,016)	(4,853)	(28,054)
Result from discontinued operations	-	-	(9,278)	(27,005)	-
Comprehensive income	2,348	21,555	(62,539)	(34,951)	(26,223)
Balance sheet and cashflow data					
Invested capital	125,909	126,726	141,631	295,485	279,836
Net working capital (NWC)	6,075	8,455	3,396	9,382	9,282
Equity	30,551	28,203	(37,429)	24,713	58,624
Balance sheet total	136,505	137,804	158,304	329,534	311,336
Investments in property, plant and equipment **	2,525	800	353	1,179	7,248
Net interest bearing debt	95,358	98,523	179,060	270,966	221,282
Cash flow from operating activities	5,623	(5,806)	(4,973)	(3,520)	(5,840)
Cash flow for the year	(902)	(734)	(8,154)	(3,814)	15,469

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

	2014	2013	2012	2011	2010
Financial Ratios					
EBITDA margin (%)#	13.6%	6.0%	11.4%	23.2%	4.9%
Net result margin (%)^^#	4.7%	-15.2%	-96.0%	-19.8%	-38.8%
Equity ratio (%) ***	22.4%	20.5%	-23.6%	7.5%	18.5%
Return on invested capital (%)*	4.6%	-1.6%	-28.8%	1.1%	-9.9%
Return on equity (%)^^*	7.7%	-32.4%	N.A.	-19.6%	-47.9%
Financial gearing	3.12	3.49	-4.78	10.96	3.77
Net working capital/revenue#	14.5%	9.9%	11.1%	38.1%	4.8%
Key figures per share					
Earnings per share USD	0.01	0.37	-1.65	-0.82	-0.99
Market price per share DKK, year end	0.84	0.72	0.53	2.21	7.15
Market price per share USD, year end	0.14	0.13	0.09	0.38	1.27
Exchange rate USD/DKK, year end	6.16	5.41	5.66	5.75	5.61
Average number of full time employees	-	-	2	2	145
Number of shares, year end	406,158,403	406,158,403	38,946,697	38,946,697	37,764,888

^ Gross-up revenue figures are not available from 2010 to 2011.

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

Key Figures for financial years 2010-2011 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.

Management Review

After the restructuring in December 2013, the Company remains a tonnage provider in the product tanker segment and the objective is to grow the current fleet of six vessels. The five 37,000 dwt handy tankers remain commercially managed by the Maersk Group, where they participate in the Handytankers Pool. The 73,000 dwt LR1 Nordic Anne was under the joint commercial management of Hafnia and Mitsui OSK in the Straits Tankers Pool prior to the commencement of a minimum 3-year time-charter fixture in December 2014.

During the first 5 months of 2014, the Company also changed the technical managers of these vessels from TB Marine to Columbia Shipmanagement (for Nordic Agnetha, Nordic Amy and Nordic Ruth) and Thome Ship Management (for Nordic Hanne, Nordic Anne and Nordic Pia). The final costs arising from the change in the technical managers, including the expected reduction in TCE earnings arising from this change, were lower than budgeted.

The Company is finalising the liquidation of Dutch subsidiaries following the transfer of all six vessels to separate wholly-owned legal entities in Singapore, which is expected to be completed in first half of 2015.

In 2014, tanker freight rates for the fleet improved marginally compared to 2013 due to a market upturn in the last quarter of 2014. However, the average TCE rates earned by the vessels were lower than the forecasted daily TCE rates of USD 14,000 and USD 15,200 for the handy tankers and LR1 vessel respectively, even after accounting for the significant improvement in rates seen in Q4 2014.

Gross revenue earned by the 6 vessels reached USD 50.1 million (USD 60.0 million), which resulted in a TCE revenue of USD 27.1 million (USD 25.9 million) and an EBITDA of USD 6.8 million (USD 3.6 million). Equity totalled USD 30.6 million (USD 28.2 million).

In 2014, the Group reversed partially the impairment loss recognised in 2012 for Nordic Anne of USD 5.2 million as independent broker valuations for this vessel were materially higher than the carrying amount of the vessel after the impairment in 2012.

For the rest of the vessels which are deployed in the Handytankers Pool, independent broker valuations for these vessels were marginally higher than the carrying amounts of the vessels at year-end. Although the present value of the expected future cash flows of these vessels exceeded the carrying amounts of the vessels at year-end, management has concluded not to reverse part of the impairment loss recognised for these vessels in 2012 due to the continuing uncertain shipping environment.

Excluding the one-off gain of USD 5.2 million in 2014 from the reversal of impairment loss on Nordic Anne, Nordic Shipholding incurred a net loss of USD 2.8 million for 2014, which is a smaller loss compared to the USD 9.1 million loss incurred in 2013 (excluding a one-off gain of USD 28.6 million arising from the restructuring). The net loss of 2.8 million in 2014 is within the forecasted range of USD -5.0 million to USD -2.0 million.

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

The Board of Directors and management remain thankful to our more than 5,000 shareholders that continued to support the Company throughout 2014.

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

Outlook for 2015

The restructuring that was completed in late December 2013, and the various operational changes implemented in 2014 have strengthened the financial position of the Group, contributed also by the fairly moderate earnings from the operation of the 6 vessels. The Group also incurred various one-off expenses including professional fees arising from the issuance of the prospectus following the restructuring and costs associated with the change of technical managers in 2014. These one-off expenditures are not envisaged in 2015. Hence, for the coming year, barring unforeseen circumstances, the Group is expected to post a modest profit arising mainly from the operations of the 6 vessels.

For 2015, 5 of the Group's 6 vessels will remain commercially deployed on a pool basis. One vessel is time-chartered under a minimum 3-year time-charter arrangement. As rates in 2015 are forecasted to improve compared to 2014, the TCE revenue from the 5 product tankers in the pool and the time charter income from Nordic Anne are expected to be in the region of USD 29.0 – USD 32.0 million.

As a result, after taking into account the operating expenditure budgeted by the respective technical managers, the Group expects EBITDA (earnings before interest, tax, depreciation and amortisation) to be in the range of USD 13.0 – USD 16.0 million. The result before tax is expected to be between USD 3.0 – USD 6.0 million. 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, the Group's cash flows is expected to be between USD 5.0 – USD 8.0 million after accounting for USD 4.0 million of loan amortisation in 2015. Under the loan agreement with the lending banks, cash in excess of USD 6.0 million will be used to pay down the long-term facility. Such cash sweep is anticipated to be activated in 2015 whereby approximately USD 3.0 – 6.0 million of excess cash is expected to be used to pay down the loan in 2015. This is in addition to the regular loan amortisation. The Group is also expected to meet the various covenants imposed under the loan agreement during this period.

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

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

Financial Review 2014

Financial highlights of the Group in 2014 (2013 figures in brackets)
The Group reported a net result of USD 2.3 million for 2014 (USD 19.4 million). Excluding the one-off gain of USD 5.2 million in 2014 arising from the reversal of impairment loss on Nordic Anne, Nordic Shipholding incurred a net loss of USD 2.8 million for 2014, which is a smaller loss compared to the USD 9.1 million loss incurred in 2013 (excluding a one-off gain of USD 28.6 million arising from the restructuring recognised in 2013).

Gross revenue generated in 2014 reached USD 50.1 million (USD 60.0 million), resulting in a TCE revenue of USD 27.1 million (USD 25.9 million). EBITDA (earnings before depreciation, impairment, amortisation, interest and tax) amounted to USD 6.8 million (USD 3.6 million) and after accounting for depreciation and reversal of impairment loss, the Group made a net operating profit of USD 5.8 million (USD -2.0 million).

- *Revenue*
  Gross revenue generated by the 6 vessels in 2014 totalled USD 50.1 million (USD 60.0 million). After deduction of voyage related costs, the Group made a TCE revenue of USD 27.1 million (USD 25.9 million). Despite the higher TCE revenue earned in 2014, the lower gross revenue in 2014 was due to the recognition of time charter income (which is income net of voyage expenses) in gross revenue as some vessels were deployed on time charters in the pool arrangement.

- *Operating Costs*
  Expenses related to the operation of 6 vessels owned by the Group amounted to USD 17.1 million (USD 18.7 million), including one-off cost of USD 1.8 million relating to the change of technical managers.

  Staff costs amounted to USD 0.1 million (USD 0.3 million) while other external costs amounted to USD 3.2 million (USD 3.3 million).

- *Depreciation and write-downs and reversal of impairment loss*
  A total depreciation of USD 6.2 million (USD 5.6 million) was charged on the Group's 6 vessels. In 2014, the Group reversed partially the impairment loss recognised in 2012 for Nordic Anne of USD 5.2 million as independent broker valuations for this vessel were materially higher than the carrying amount of the vessel after the impairment in 2012.

  For the rest of the vessels which are deployed in the Handytankers Pool, independent broker valuations for these vessels were marginally higher than the carrying amounts of the vessels at year-end. Although the present value of the expected future cash flows of these vessels exceeded the carrying amounts of the vessels at year-end, management has concluded not to reverse part of the impairment loss recognised for these vessels in 2012 due to the continuing uncertain shipping environment.

  There was no write-down or reversal of impairment loss recognised in 2013.

- *Financial income and expenses*
  Financial expenses amounted to USD 3.4 million (USD 7.1 million) due mainly to interest expense on the Group's loans. The financial expenses in 2014 were lower as the loans were refinanced in December 2013 as part of the restructuring that was completed on 19 December 2013.

- *Tax*
  The Company's tax payment is primarily calculated according to the rules and regulations of the Dutch, Singapore and Danish Tonnage Tax Act. For further information please refer to Note 12 in the financial statements.

- *Assets*
  At 31 December 2014, the Group's balance sheet totalled USD 136.5 million (USD 137.8 million) comprising mainly vessels, receivables and cash.

  Vessels and docking increased to USD 119.7 million in 2014 from USD 118.2 million in 2013 mainly due to reversal of impairment loss of USD 5.2 million and capitalisation of dry docking/intermediate survey costs for four vessels and partially offset by depreciation.

  Total receivables amounted to USD 12.1 million (USD 14.1 million) mainly from lubricant stocks, trade and other receivables generated by the vessels under the pool arrangements. The decrease is primarily due to receipt of insurance proceeds relating to the claims for Nordic Ruth.

  As at 31 December 2014, the Group's cash balance was USD 4.5 million (USD 5.4 million). This balance has taken into account the USD 4.0 million repayment on the short term working capital facility in December 2014 extended by the lending banks as part of the restructuring on 19 December 2013.

- *Equity*
  The change in equity was due to the net profit of 2.3 million generated in 2014.

- *Liabilities*
  Total liabilities amounted to USD 106.0 million (USD 109.6 million). The Group's interest-bearing debt amounted to USD 99.8 million (USD 103.9 million), of which USD 4.0 million is due within the next 12 months from 31 December 2014. The decrease in the Group's interest-bearing debt was due to the repayment on the short term working capital facility of USD 4.0 million in 2014.

- *Cash flow*
  Cash flow from operations was USD 5.6 million (USD -5.8 million) mainly from the distributions earned by the respective pools and proceeds received from insurance claims for Nordic Ruth.

  Cash flow from investing activities amounted to USD -2.5 million (USD -0.8 million) due to dry-dockings invested in 2014.

  Cash flow from financing activities amounted to USD -4.0 million (USD 5.9 million) arising from the repayment of USD 4.0 million on the working capital facility. The positive cash flow from financing activities in 2013 was due to the USD 2.0 million equity injection and drawing down of the short-term USD 4.0 million working capital facility.

  Cash flow for the year thus amounted to USD -0.9 million (USD -0.7 million), bringing the cash balance at year end to USD 4.5 million (USD 5.4 million).

Financial highlights of the Company (Parent) in 2014 (2013 figures in brackets)

Including one-off gain from transfer of vessel of USD 5.7 million (one-off gain of USD 28.6 million arising from restructuring), the Company reported a net result of USD 3.4 million (USD 19.4 million). At 31 December 2014, the Company's total assets amounted to USD 31.7 million (USD 51.8 million). The Company's equity rose to USD 31.6 million (USD 28.2 million) due to the gain on the transfer of vessel to its wholly-owned subsidiary in 2014.

Vision & Strategy

The Company continues to be focused on developing growth opportunities.

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

Statutory Corporate Governance Statement

This statutory corporate governance statement covers the financial period 1 January to 31 December 2014.

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

The Company is in compliance with the majority of the recommendations given in Recommendations for Corporate Governance issued 6 May 2013 (updated November 2014) and made public by NASDAQ OMX Copenhagen. Refer to http://www.nordicshipholding.com/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 4 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
Transport Capital Pte. Ltd. ('Transport Capital') was appointed as the corporate manager for the Nordic Shipholding A/S Group since December 2013. Transport Capital has authorities and procedures for entering into binding agreements on behalf of the Company. Being a corporate manager, Transport Capital adheres to strict guidelines on segregation of duties, reporting procedures, manages the overall corporate functions and oversees the technical and commercial aspects of the Company.

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

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

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

Risk Management

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

Operational risks

Freight rates

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

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

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

Pool

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

Bunkers

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

Financial risks

Financing and Cash flow

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

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

Nordic Shipholding is also subject to a quarterly cash sweep mechanism under which Nordic Shipholding after payment of instalments and interest under the loan agreement, must apply any cash and cash equivalents of the Group in excess of USD 6.0 million towards prepayment of the loan. Hence, Nordic Shipholding is restricted from accumulating cash reserves to make strategic vessel acquisitions and has to attract new equity to expand the business.

Interest rates
Nordic Shipholding's interest bearing debt with variable interest amounted to USD 100.0 million as at 31 December 2014 (USD 104.0 million). This debt is comprised of loans denominated in USD.

The Company has not entered into any interest rate swap arrangements to hedge its exposure to changes in interest rates. 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 vulnerable to interest rate risks. Any changes in interest rates could therefore have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

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

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

Corporate Social Responsibility (CSR)

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

Shareholders Information

Share data at 31 December 2014

Listed on: NASDAQ OMX Copenhagen

Share capital: DKK 40,615,840

Nominal value: DKK 0.1

Shares issued: 406,158,403 shares

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

Share classes: One

Votes per share: One

Bearer share: Yes

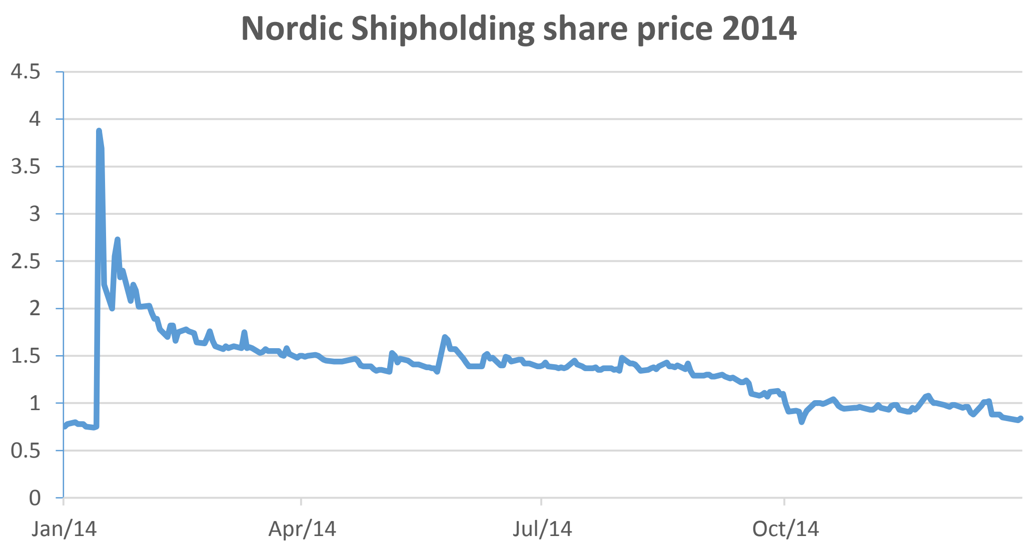
Restriction on voting rights: No

Restricted negotiability: No

For further corporate information please see www.nordicshipholding.com

Movements in the Company's share price at 31 December 2014

The closing price at year-end 2014 was DKK 0.84, an increase of 17% compared with year-end 2013 (DKK 0.72).



Shareholder structure

At 31 December 2014 Nordic Shipholding had 5,499 registered shareholders.

On 31 December 2014 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 2014 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 2014, and Nordic Shipholding does not expect to distribute any dividend for the financial year 2015. In the future, 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

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

Procedures for making amendments to the articles of association

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

Financial calendar 2015

Annual Report 2014	18 March 2015
Ordinary general meeting	14 April 2015
Interim report - Q1 2015	27 May 2015
H1 interim report 2015	26 August 2015
Interim report - Q3 2015	25 November 2015

Board of Directors and Executive Management

Board of Directors

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

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

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

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

Knud Pontoppidan is considered independent.

Jon Robert Lewis
Deputy Chairman of the Board.

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

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

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

Other management duties, etc.:
Member of the Board of Directors of ACP Trading Limited, Ariel Asset Daebu Yuhanhoesa, 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, PACL Secretaries 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.

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

Kristian V. Mørch
Member of the Board.
Born 1967. Elected to the Board of Directors 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 and/or executive management in Clipper Group Ltd. and 40 of Clipper Group Ltd.'s subsidiaries.
Chairman of the Board of Danske Færger A/S, member of the Board of Odfjell SE and member of the management of Memo Shipping ApS and Memo Partner ApS.

Kristian V. Mørch is considered independent.

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., Member of the Board of Directors of BW Pacific Limited, 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 Management

Philip Clausius
Born 1968. CEO since 2 January 2014.

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

Board members' shares

Board members' ownership of shares in Nordic Shipholding A/S at 31 December 2014

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

Management Statement

We have today considered and approved the annual report of Nordic Shipholding A/S for the financial year 1 January – 31 December 2014.

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 2014 and of their financial performance and their cash flows for the financial year 1 January – 31 December 2014.

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, 18 March 2015

Executive Management

Philip Clausius
CEO

Board of Directors

Knud Pontoppidan
Chairman of the Board of Directors

Jon Robert Lewis
Deputy Chairman of the Board of Directors

Kristian V. Mørch

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 2014, 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 2014 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 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on Management's Review

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

Hellerup, 18 March 2015
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Thomas Wraae Holm	Annette Skou Thomsen
State Authorised Public Accountant	State Authorised Public Accountant

Financial Statements

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

		Company		Group	
Note	**Amounts in USD thousand**	**2014**	**2013**	**2014**	**2013**
3	Total revenue	2,911	13,580	50,104	60,002
	Voyage related expenses	(1,785)	(8,405)	(23,015)	(34,121)
	Time charter equivalent revenue (TCE revenue)	**1,126**	**5,175**	**27,089**	**25,881**
	Other income	8	-	132	-
	Expenses related to the operation of vessels	(587)	(2,712)	(17,124)	(18,711)
4	Staff costs	(97)	(287)	(97)	(287)
5	Other external costs	(2,296)	(2,216)	(3,182)	(3,282)
	Earnings before depreciation (EBITDA)	**(1,846)**	**(40)**	**6,818**	**3,601**
6	Depreciation	(308)	(1,076)	(6,197)	(5,630)
6	Reversal of impairment loss	-	-	5,194	-
	Operating result (EBIT)	**(2,154)**	**(1,116)**	**5,815**	**(2,029)**
7	Write-down of investments in subsidiaries	(375)	(5,541)	-	-
8	Gain from restructuring	-	28,561	-	28,561
9	Gain from disposal of vessel	5,717	-	-	-
10	Financial income	450	-	26	-
11	Financial expenses	(213)	(2,450)	(3,426)	(7,061)
	Result before tax	**3,425**	**19,454**	**2,415**	**19,471**
12	Tax on result	(18)	(19)	(67)	(36)
	Result after tax	**3,407**	**19,435**	**2,348**	**19,435**

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

		Company		Group	
Note	**Amounts in USD thousand**	**2014**	**2013**	**2014**	**2013**
	Result	**3,407**	**19,435**	**2,348**	**19,435**
	Transferred to the income statement, financial expenses	-	579	-	579
	Transferred to the income statement, gain from restructuring	-	1,541	-	1,541
	Other comprehensive income that are or may be reclassified to the income statement	**-**	**2,120**	**-**	**2,120**
	Total comprehensive income	**3,407**	**21,555**	**2,348**	**21,555**
	Distribution of result				
	Parent Company	3,407	19,435	**2,348**	19,435
	Non-controlling interest	-	-	-	-
		3,407	**19,435**	**2,348**	**19,435**
	Distribution of comprehensive income				
	Parent Company	3,407	21,555	**2,348**	21,555
	Non-controlling interest	-	-	-	-
		3,407	**21,555**	**2,348**	**21,555**
13	Earnings per share (EPS)			0.01	0.37
13	Diluted earnings per share			0.01	0.37

Statement of financial position
- Assets at 31 December

		Company		Group	
Note	**Amounts in USD thousand**	**2014**	**2013**	**2014**	**2013**
	Non-current assets				
14	Vessels and docking	-	25,841	119,692	118,170
	Tangible assets	**-**	**25,841**	**119,692**	**118,170**
15	Investment in subsidiaries	223	60	-	-
19	Other financial assets	185	141	185	141
	Financial assets	**408**	**201**	**185**	**141**
	Total non-current assets	**408**	**26,042**	**119,877**	**118,311**
	Current assets				
	Lubricant stocks	-	760	2,385	2,664
16	Trade receivables	-	1,685	7,587	7,594
17	Receivables from related companies	28,773	22,307	-	-
18	Other receivables	264	590	2,167	3,844
	Total receivables	**29,037**	**25,342**	**12,139**	**14,102**
19	Cash & cash equivalents	2,297	423	4,489	5,391
	Total current assets	**31,334**	**25,765**	**16,628**	**19,493**
	Total assets	**31,742**	**51,807**	**136,505**	**137,804**

Statement of financial position
- Equity and Liabilities at 31 December

		Company		Group	
Note	**Amounts in USD thousand**	**2014**	**2013**	**2014**	**2013**
23	Share capital	7,437	7,437	7,437	7,437
	Retained earnings	24,173	(37,500)	23,114	(37,500)
	Restricted reserves	-	58,266	-	58,266
	Equity, parent company	**31,610**	**28,203**	**30,551**	**28,203**
	Equity, non-controlling interests	-	-	-	-
	Total equity	**31,610**	**28,203**	**30,551**	**28,203**
	Liabilities				
20	Finance loans, etc.	-	21,951	95,829	99,801
	Non-current liabilities	**-**	**21,951**	**95,829**	**99,801**
20	Finance loans, etc.	-	24	4,018	4,113
21	Trade payables	95	1,608	6,064	5,642
	Corporation tax	37	16	43	40
22	Other payables	-	5	-	5
	Total current liabilities	**132**	**1,653**	**10,125**	**9,800**
	Total liabilities	**132**	**23,604**	**105,954**	**109,601**
	Liabilities and equity	**31,742**	**51,807**	**136,505**	**137,804**

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

Statement of changes in equity - Company

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

Statement of changes in equity - Group

Amounts in USD thousand	Share-capital	Retained earnings	Restric-ted res-erves	Reser-ved for fair value of financial instru-ments	Equity parent com-pany	Non-control-ling inter-est	Equity group
Shareholders' equity at 1 January 2014	**7,437**	**(37,500)**	**58,266**	**-**	**28,203**	**-**	**28,203**
Transfer from restricted reserves to retained earnings	-	58,266	(58,266)	-	-	-	-
Result for the year	-	2,348	-	-	2,348	-	2,348
Other comprehensive income that are or may be reclassified to the income statement	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	2,348	-	-	2,348	-	2,348
Shareholders' equity at 31 December 2014	**7,437**	**23,114**	**-**	**-**	**30,551**	-	**30,551**
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**

Statement of cash flow
1 January - 31 December

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Operating result (EBIT)	**(2,154)**	**(1,116)**	**5,815**	**(2,029)**
Depreciation and write-downs	308	1,076	6,197	5,630
Reversal of impairment	-	-	(5,194)	-
Non-cash financial expenses	(8)	-	28	-
Share based payment	-	79	-	79
Changes in inventories	181	(682)	279	(680)
Changes in receivables	509	376	1,638	(1,629)
Changes in liabilities	(1,175)	(655)	418	(817)
Paid financial expenses	(230)	(1,721)	(3,494)	(6,332)
Receipt of/(Paid) taxes during the year	3	(3)	(64)	(28)
Cash flow from operating activities	**(2,566)**	**(2,646)**	**5,623**	**(5,806)**
Investments in tangible assets	-	-	(2,525)	(800)
Investment in subsidiary	-	(60)	-	-
Cash flow from investment activities	**-**	**(60)**	**(2,525)**	**(800)**
Financing raised	-	-	-	3,872
Capital increase	-	2,000	-	2,000
Loans from subsidiaries	4,440	866	-	-
Repayment of working capital loan	-	-	(4,000)	-
Cash flow from financing activities	**4,440**	**2,866**	**(4,000)**	**5,872**
Cash flow for the year	**1,874**	**160**	**(902)**	**(734)**
Cash as of 1 January	**423**	**263**	**5,391**	**6,125**
Cash at the end of the year	**2,297**	**423**	**4,489**	**5,391**

List of Notes

0. Going concern

In the Group's 2013 Annual Report, it was disclosed that due to the existence of uncertainties which may cast doubt about the ability of Nordic Shipholding A/S to continue as a going concern, the Group may potentially breach the loan covenants. The Group did not breach any loans covenants in 2014.

Forecast for 2015

The following assumptions were used for the forecast for 2015:

- The fleet size remains at 6 vessels and the employment of 5 handy tankers continues in the Handytankers Pool while the LR1 vessel is deployed on a time charter.
- Estimated daily time-charter equivalent rates for 5 handy tankers were forecasted by the pool manager and the rate for the LR1 was based on contracted time charter.
- Operating expenditures were based on the budgets provided by respective technical managers.
- Estimated dry docking costs were as advised by the respective technical managers.
- Interest expense was based on a 3 month LIBOR of 0.5%.

Based on the management's forecast for 2015, the Group is expected to generate a net cash flow of about USD 5.0 – USD 8.0 million for 2015 and is not expected to breach any loan covenants.

Sensitivity

- If the forecasted TCE decreased by 10%, the cash flows will decrease by about USD 3.5 million.
- Keeping all variables constant, the net cash flows of USD 5.0 – USD 8.0 million will turn negative if the daily average TCE rate for the 5 handy tankers drops below USD 9,600 for the whole of 2015.
- A long-term decrease in the freight rates could result in impairment of vessels.

Finance loans

The Group's loans of USD 100.0 million will mature in December 2020. Management expects that a re-financing will be in place prior to maturity of the loans.

Conclusion

The restructuring that was completed on 19 December 2013, and the various operational changes initiated in 2014 have strengthened the financial position of the Group. Vessel operating cost is leaner and the time charter entered into by Nordic Anne will provide a base stable cash flow to the Group.

Barring unforeseen circumstances and given the reasonably positive cash flow forecast, the Group no longer has critical going concern issues despite the existence of uncertainty regarding the volatility in freight rates.

As such, the financial statements for 2014 are prepared based on the going concern basis.

1. Significant accounting estimates, assumptions and uncertainties

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

In connection with the preparation of the financial statements, management applies estimates and assumptions. Such estimates and assumptions are based on the most recent information available at the time of preparing the financial statements.

The most significant estimates relate to:

- going concern principle,
- measurement of vessels,
- depreciation periods, and
- gain from restructuring.

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 2015. 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/time charter and vessels deployed in Handytankers pool respectively - to determine whether events have occurred that would require an adjustment to the recognised value of the vessels.

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

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

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

There was no impairment loss recognised in 2014 (2013: USD nil). However, the Group partially reversed the impairment loss recognised in 2012 for Nordic Anne of USD 5.2 million in 2014 (2013: USD nil). The carrying amount of vessels at 31 December 2014 amounted to USD 119.7 million (2013: USD 118.2 million).

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

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 2014 amounted to USD 119.7 million (2013: USD 118.2 million).

Gain from restructuring
In Year 2013, 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.

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 2013 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 2014 - 31 December 2014.

With effect from 1 January 2014, the following new and amended IFRSs and Interpretations were implemented: Annual improvements 2009-2011, IFRS 10, IFRS 12, IAS 27, IAS 28, IAS 32, IAS 36, IAS 39 and IFRIC 21.

Nordic Shipholding has implemented these standards which had no material impact on the financial statements for the current or future years. IFRS 11 was pre-implemented in 2013. 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 2015.

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.

Foreign currency translation

The functional and presentation currency of the Company is USD.

On initial recognition, transactions in currencies other than the functional currency of each enterprise are translated using the exchange rate at the date of the transaction.

Receivables, payables and other monetary items in foreign currencies, which have not been settled at the balance sheet date, are translated using the rate of exchange at the balance sheet date. Any exchange differences arising between the rate of exchange at the date of the transaction and the rate of exchange at the date of payment and the balance sheet date, respectively, are recognised in the income statement as financial income and expenses.

Property, plant and equipment, inventories and other non-monetary assets purchased in foreign currencies and measured using historical costs are translated using the rate of exchange at the date of the transaction. Non-monetary items that are revalued at fair value are translated using the rate of exchange at the date of the revaluation.

Upon recognition in the consolidated financial statements of enterprises with functional currencies other than USD, the income statements are translated at the average exchange rates for the respective months. Balance sheet items are translated using the exchange rates ruling at the balance sheet date. Exchange differences arising from translation of balance sheet items at the beginning of the year at the rates of exchange at the balance sheet date and from translation of income statements from average rates of exchange to the rates of exchange at the balance sheet date are recognised as other comprehensive income. Correspondingly, exchange differences arising from changes made directly in the equity of these enterprises are also recognised as other comprehensive income.

Segment information

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

Share-based payment

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

The warrant program for former employees is fully expensed and will expire in May 2015.

Statement of comprehensive income

Revenue

Income, including revenue, is recognised in the income statement when:

- the income creating activities have been carried out on the basis of a binding agreement
- the income can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Group, and
- costs relating to the transaction can be measured reliably

Pool arrangement

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

Time charter

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

Voyage related expenses

These are expenses related to Nordic Shipholding's vessels managed in a pool. Voyage related expenses consist mainly of bunkers, port expenses and commissions. Voyage related expenses are recognised as incurred.

Operating expenses

Operating expenses include costs relating to the operation and maintenance of vessels, including costs relating to crew. Operating expenses are recognised as incurred.

Staff costs

Staff costs comprise directors' fees 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

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the financial year end.

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

Prior to the transfer of Nordic Anne to a Singapore-incorporated entity by the Company during 2014, corporate income tax payable by the Company has been provided for at a rate of 25% of taxable income calculated according to the Danish Tonnage Tax Act for shipping activities and according to general tax legislation for other activities and net financial income. Corporate income tax payable by foreign entities 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 to the next scheduled dry-docking. The residual value is estimated at zero.

A portion of the cost of acquiring a new vessel is allocated to the components expected to be replaced or refurbished at the next dry-docking. For new buildings, the initial dry-docking asset is estimated on the basis of the expected costs related to the first-coming docking, which is based on experience with similar vessels. At subsequent dry-dockings, the asset comprises the actual docking costs incurred.

Impairment tests

Vessels are tested for impairment when there are indications of impairment.

If an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the need for recognising an impairment loss and the extent hereof. If an asset does not generate cash flows that are independent from other assets, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs. The recoverable amount is defined as the higher of the fair value of the asset or the cash generating unit less costs to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money, the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted.

The fair value of vessel is usually determined based on the estimated selling price assessed by external brokers less costs to sell. If the recoverable amount of the asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount.

An impairment loss for the cash-generating unit is first allocated to goodwill and subsequently to the assets of the unit, but no asset will be reduced to a lower value than its fair value less expected costs to sell. Impairment losses are recognised in the statement of comprehensive income.

If an impairment loss subsequently is reversed for other assets than goodwill as a result of changes in assumptions used to determine the recoverable amount, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit.

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

Receivables
Receivables comprise trade receivables, loans and other receivables. Receivables are classified as loans and receivables that are financial assets, with fixed or determinable payments, that are not quoted in an active market and which are not derivative financial instruments. Receivables are initially measured at fair value and subsequently at amortised cost, which usually equals the nominal value less provisions for bad debts. Write down is done individually using a provisions account.

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

Dividend
Dividend is recognised as a liability at the time of approval by the General Meeting. Dividend proposed by management in respect of the year is stated under equity.

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

Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured as the best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions with an expected maturity of more than one year from the balance sheet date are measured at present value.

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

Other financial liabilities
Other financial liabilities comprise trade payables and other payables to public authorities, etc. Other financial liabilities are initially measured at fair value less any transaction costs. Liabilities are subsequently measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement as a financial expense over the term of the loan.

Cash flow statement

The consolidated and Company cash flow statements are presented using the indirect method and show cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are stated as the operating profit or loss, adjusted for non-cash operating items and changes in working capital, less corporation tax paid attributable to operating activities.

Cash flows from investing activities include payments in connection with the acquisition and divestment of enterprises and financial assets and the acquisition, development, improvement and sale, etc. of intangibles and property, plant and equipment.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from financing activities comprise changes in the Company's share capital and related costs as well as raising and repayment of loans, instalments on interest bearing debt, acquisition of treasury shares and payment of dividend.

Cash flows in other currencies than the functional currency are recognised in the cash flow statement using average exchange rates for the respective months, unless these deviate materially from the actual exchange rates ruling at the dates of the transactions. If so, the actual exchange rates are used.

Cash and cash equivalents comprise cash 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. Revenue

Amounts in USD thousand	Company 2014	Company 2013	Group 2014	Group 2013
Revenue	2,911	13,580	50,104	60,002
Total revenue	**2,911**	**13,580**	**50,104**	**60,002**

Despite the higher TCE revenue earned in 2014 by the Group, the lower gross revenue in 2014 was due to the recognition of time charter income in gross revenue as some vessels were deployed on time charters in the pool arrangement.

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

There was no single customer who accounted for more than 10% of the Group's total revenue in 2014 and 2013.

4. Staff costs

Amounts in USD thousand	Company 2014	Company 2013	Group 2014	Group 2013
Staff costs				
Wages and salaries	(97)	(208)	(97)	(208)
Share-based payment	-	(79)	-	(79)
Total staff costs	**(97)**	**(287)**	**(97)**	**(287)**
Of which:				
Board of Directors:				
Remuneration to the Board of Directors	(97)	(208)	(97)	(208)
Executive Board:				
Share-based payment	-	(79)	-	(79)
Total remuneration	**(97)**	**(287)**	**(97)**	**(287)**
Average numbers of full-time employees	-	-	-	-

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

Refer to Note 24 for related party transactions for the fees paid to Transport Capital Pte. Ltd., the corporate manager for the Group, during the year.

5. Auditor fee

Amounts in USD thousand	Group 2014	Group 2013
Statutory audit of annual accounts	(227)	(162)
Other assurance services	(100)	(25)
Tax advices	(67)	(144)
Other assistance	(202)	(388)
Total fees	**(596)**	**(719)**

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

6. Depreciation and reversal of impairment loss

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Depreciation - tangible assets	(308)	(1,076)	(6,197)	(5,630)
Reversal of impairment loss - tangible assets	-	-	5,194	-

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

Impairment assessment of tangible assets - Vessels and dry-docking
The management assessed the performance of the five vessels (Nordic Ruth, Nordic Pia, Nordic Hanne, Nordic Agnetha and Nordic Amy) together as they are managed by the same pool manager, Handytankers pool ('Handytankers vessels') whereas Nordic Anne was managed by Straits Tankers pool and she entered into a minimum 3-year time charter arrangement in late 2014. Hence, for impairment assessment, the Company's policy is to evaluate the carrying amount of Handytankers vessels as one cash-generating unit ('CGU') and Nordic Anne as another CGU to determine whether events have occurred that would require an adjustment to the recognised value of the vessels.

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

In 2014, the Group reversed partially the impairment loss recognised in 2012 for Nordic Anne of USD 5.2 million as independent broker valuations (based on comparable sales i.e. level 2) for this vessel were materially higher than the carrying amount of the vessel after the impairment in 2012.

For the rest of the vessels which are deployed in the Handytankers Pool, independent broker valuations for these vessels were marginally higher than the carrying amounts of the vessels at year-end. Although the present value of the expected future cash flows of these vessels exceeded the carrying amounts of the vessels at year-end, management has concluded not to reverse the impairment loss recognised for these vessels in 2012 due to the uncertain shipping environment.

At the end of the financial year, the market value of the fleet was USD 1.1 million (USD 20.6 million) above the carrying amounts (post partial reversal of prior year impairment), and the difference was divided between the 2 CGUs, LR1 and Handytankers vessels, with USD NIL million (USD 5.4 million) and USD 1.1 million (USD 15.2 million), respectively. An impairment test was conducted for the CGUs by determining the value in use, where the long-term values are assessed.

The value in use is calculated based on an increase in daily TCE and operating costs by 1% per annum and 2.5% per annum, respectively, and a pre-tax discount rate of 9.35%.

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

For Nordic Anne (LR1 tanker), the long-term value and market value was USD 5.2 million above the carrying amount and based hereon, management reversed USD 5.2 million of prior year impairment and thereafter, the market value does not exceed the book value.

For the Handytankers vessels, management assesses that the long-term values at the close of the financial year match the carrying amounts, and accordingly, there is no indication of further impairment nor reversal of prior year's impairment.

7. Write-down of investments in subsidiaries

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Write-down of investments in subsidiaries	(375)	(5,541)	-	-
Total write-down of investments in subsidiaries	**(375)**	**(5,541)**	**-**	**-**

For further information about investment in subsidiaries, please refer to Note 15, and for information regarding impairment test, please refer to Note 6.

8. Gain from restructuring

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
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.

9. Gain from disposal of vessel

Amounts in USD thousand	Company 2014	2013
Disposal of vessel Nordic Anne	5,717	-
Total gain from disposal of vessel	**5,717**	**-**

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

10. Financial income

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Income from exchange rate adjustments	-	-	15	-
Interest income on intercompany loans	450	-	-	-
Other financial income	-	-	11	-
Total financial income	**450**	**-**	**26**	**-**

11. Financial expenses

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Financial expenses to bank	-	(6)	(26)	(9)
Interest on mortgage debt	(206)	(1,591)	(3,400)	(6,122)
Fair value adjustments transferred from equity relating to hedge of future cash flows	-	(579)	-	(579)
Expenses from exchange rate adjustments	(7)	(13)	-	(13)
Other financial expenses	-	(261)	-	(338)
Total financial expenses	**(213)**	**(2,450)**	**(3,426)**	**(7,061)**
Total net financial income and expenses	**237**	**(2,450)**	**(3,400)**	**(7,061)**

12. Tax for the year

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Current tax expense	(18)	(19)	(67)	(36)
Adjustment deferred tax	-	-	-	-
Tax for the year recognised in the income statement	**(18)**	**(19)**	**(67)**	**(36)**
Result before tax	3,425	19,454	2,415	19,471
- of which subject to tonnage taxation or other schemes	(4,097)	(19,454)	(2,415)	(19,471)
Adjusted income	**(672)**	**-**	**-**	**-**
Calculated tax (24.5%)	**(165)**	**-**	**-**	**-**
Tonnage tax	(18)	(19)	(18)	(19)
Adjustment due to different tax schemes, foreign entities	-	-	(49)	-
Tax assets not recognised	165	-	-	-
Adjustment of tax for previous years	-	-	-	(17)
	(18)	**(19)**	**(67)**	**(36)**

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 2014 (2013: USD NIL). Value of unrecognised tax losses amounted to USD 0.2 million (2013: USD NIL).

There are no unrecognised tax liabilities associated with investments in foreign subsidiaries and joint ventures in 2014 and 2013.

13. Earnings per share

	Group	
Amounts in USD thousand	**2014**	**2013**
Earnings per share (EPS)		
Profit for the Company's shareholders	2,348	19,435
Number of shares used in calculation of earnings per share:		
Weighted average number of outstanding shares	406,158,403	52,025,470
Number of treasury shares	(50,700)	(50,700)
Number of shares used in calculation	**406,107,703**	**51,974,770**
For continuing operations:		
Earnings per share	0.01	0.37
Diluted earnings per share	0.01	0.37
In accordance with IAS 33, the weighted average number of shares, when calculating diluted earnings, equals calculation of earnings per share, as the inclusion of potential shares would improve earnings per share.		
As of 31 December, the number of warrants excluded from calculating the average number of shares in calculation of diluted earnings per share is:	1,105,500	2,193,500

Please refer to Note 25 for share-based payment. No dividends is proposed for 2014.

14. Vessels and docking

Company 2014

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

Group 2014

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

The carrying amount of vessels pledged as security for finance loans in the Group is USD 120.0 million.

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

Company 2013

Amounts in USD thousand	Vessel and Docking	Total
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	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

15. Investments in subsidiaries

	Company	
Amounts in USD thousand	**2014**	**2013**
Cost at 1 January	41,799	48,790
Additions during the year	-	60
Disposals during the year	-	(7,051)
Cost at 31 December	**41,799**	**41,799**
Write-down at 1 January	(90,448)	(74,468)
Additions during the year	33,837	-
Disposals during the year	-	(10,439)
Write-down during the year	(375)	(5,541)
Write-down at 31 December	**(56,986)**	**(90,448)**
Carrying amount before offset	**(15,187)**	**(48,649)**
Offset against intercompany receivables	15,410	48,709
Carrying amount at 31 December 2014	**223**	**60**

Write-down during the year relates to the results of subsidiaries for 2014.

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
General partnership companies				
Delfman Shipping B.V.**	General partner	Netherlands	100	100

* For the Group
** In process of liquidation

16. Trade receivables

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Receivables from freight	-	1,685	7,587	7,594
Total trade receivables	**-**	**1,685**	**7,587**	**7,594**

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

Company

2014	**0 to 30 days USD'000s**	**31 to 60 days USD'000s**	**61-90 days USD'000s**	**After 91 days USD'000s**	**Total USD'000s**
Trade receivables	-	-	-	-	-
Total	-	-	-	-	-
2013					
Trade receivables	1,358	90	77	160	1,685
Total	**1,358**	**90**	**77**	**160**	**1,685**

Group

2014	**0 to 30 days USD'000s**	**31 to 60 days USD'000s**	**61-90 days USD'000s**	**After 91 days USD'000s**	**Total USD'000s**
Trade receivables	6,653	228	73	633	7,587
Total	**6,653**	**228**	**73**	**633**	**7,587**
2013					
Trade receivables	6,105	249	182	1,058	7,594
Total	**6,105**	**249**	**182**	**1,058**	**7,594**

17. Receivables from related companies

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Receivables from subsidiaries	44,183	69,016	-	-
Share capital not paid in (receivable from subsidiary)	-	2,000	-	-
Write-down investment in subsidiaries	(15,410)	(48,709)	-	-
Total receivables from related companies	**28,773**	22,307	**-**	-

In 2013, 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.

18. Other receivables

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Pre-payments and deposits	186	277	1,143	1,341
Other receivables	78	313	1,024	2,503
Total other receivables	**264**	**590**	**2,167**	**3,844**

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.

19. Financial risks and financial instruments

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

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Others shares	185	141	185	141
Available-for-sale financial assets	**185**	**141**	**185**	**141**
Trade receivables	-	1,685	7,587	7,594
Receivables from subsidiaries	28,773	22,307	-	-
Other receivables	264	590	2,167	3,844
Cash	2,297	423	4,489	5,391
Loans, receivables and cash	**31,334**	**25,005**	**14,243**	**16,829**
Finance loans	-	21,975	99,847	103,914
Trade payables	95	1,608	6,064	5,642
Other payables	-	5	-	5
Financial liabilities measured at amortised cost	**95**	**23,588**	**105,911**	**109,561**

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.

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

Company

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

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

Group

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

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

Movement in Level 3

	Company and Group	
Amounts in USD thousand	**2014**	**2013**
Liabilities:		
Balance, beginning of period	-	6,553
Additions during the year	-	-
Recognised in income statement, profit and loss (gain)	-	(6,553)
Balance, end of year	**-**	**-**
Assets:		
Balance, beginning of period	141	141
Additions during the year	44	-
Recognised in income statement, profit and loss (discontinued operations)	-	-
Balance, end of year	**185**	**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 2014. 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 (2013: USD 0 million).

Interest rate risks

Prior to the restructuring in December 2013, 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

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 (2013: USD 1.0 million) on results for the year and equity. A corresponding decrease in interest rates would have a corresponding positive impact on results for the year and equity.

Company

Interest rate fluctuations 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 NIL (2013: USD 0.2 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

31.12.2014	**Within 1 year USD'000s**	**Between 1-5 years USD'000s**	**After 5 years USD'000s**	**Total USD'000s**
Cash and cash equivalents	2,297	-	-	2,297
Total	**2,297**	**-**	**-**	**2,297**
31.12.2013				
Cash and cash equivalents	423	-	-	423
Finance loans, floating^	-	(4,908)	(17,043)	(21,951)
Total	**423**	**(4,908)**	**(17,043)**	**(21,528)**

^ excludes calculated interest not yet due on finance loans

Group				
31.12.2014	**Within 1 year USD'000s**	**Between 1-5 years USD'000s**	**After 5 years USD'000s**	**Total USD'000s**
Cash and cash equivalents	4,489	-	-	4,489
Finance loans, floating^	(4,000)	(25,040)	(70,960)	(100,000)
Total	**489**	**(25,040)**	**(70,960)**	**(95,511)**
31.12.2013				
Cash and cash equivalents	5,391	-	-	5,391
Finance loans, floating^	-	(22,360)	(77,640)	(100,000)
Working capital facility, floating^	(4,000)	-	-	(4,000)
Total	**1,391**	**(22,360)**	**(77,640)**	**(98,609)**

^ excludes calculated interest not yet due on finance loans

Liquidity Risks

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

Cash resources consist of the following:	**Company**		**Group**	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Cash	2,297	423	4,489	5,391
Total	**2,297**	**423**	**4,489**	**5,391**

Under the loan agreement with the lending banks, cash in excess of USD 6.0 million will be used to pay down the long-term facility. Such cash sweep is anticipated to be activated in 2015 whereby approximately USD 3.0 – 6.0 million of excess cash is expected to be used to pay down the loan in 2015. This is in addition to the regular loan amortisation of USD 4.0 million.

Maturities of liabilities

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

Company					
2014	**Book value USD'000s**	**Within 1 year USD'000s**	**Between 1-5 years USD'000s**	**After 5 years USD'000s**	**Total USD'000s**
Non-derivative financial liabilities					
Trade payables	(95)	(95)	-	-	(95)
Total	**(95)**	**(95)**	**0**	**0**	**(95)**
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 liabillities	(5)	(5)	-	-	(5)
Total	**(23,588)**	**(2,385)**	**(7,539)**	**(18,085)**	**(28,009)**

Group

2014	Book value USD'000s	Within 1 year USD'000s	Between 1-5 years USD'000s	After 5 years USD'000s	Total USD'000s
Non-derivative financial liabilities					
Finance loans, floating	(99,829)	(7,250)	(36,253)	(73,225)	(116,728)
Trade payables	(6,064)	(6,064)	-	-	(6,064)
Interest payable	(18)	(18)	-	-	(18)
Total	**(105,911)**	**(13,332)**	**(36,253)**	**(73,225)**	**(122,810)**

2013					
Non-derivative financial liabilities					
Finance loans, floating	(99,801)	(3,409)	(34,345)	(82,384)	(120,138)
Working capital facility, floating	(4,000)	(4,132)	-	-	(4,132)
Trade payables	(5,642)	(5,642)	-	-	(5,642)
Interest payable	(113)	(113)	-	-	(113)
Other liabillities	(5)	(5)	-	-	(5)
Total	**(109,561)**	**(13,301)**	**(34,345)**	**(82,384)**	**(130,030)**

Breach of loan agreements

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

In 2013, the Group was granted a moratorium on instalments and covenants prior to the completion of the restructuring in December 2013.

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

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

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**

Group				
2014	**Within 1 year USD'000s**	**Between 1-5 years USD'000s**	**After 5 years USD'000s**	**Total USD'000s**
Non-derivative financial assets				
Trade receivables	7,587	-	-	7,587
Other receivables	2,167	-	-	2,167
Total	**9,754**	**-**	**-**	**9,754**
2013				
Non-derivative financial assets				
Trade receivables	7,594	-	-	7,594
Other receivables	3,844	-	-	3,844
Total	**11,438**	**-**	**-**	**11,438**

	Company		**Group**	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Provision for doubtful debts	13	22	132	208
Provision for doubtful debts^	**13**	**22**	**132**	**208**

^ Included within Trade Receivables

20. Finance loans

Amounts in USD thousands	Company 2014	Company 2013
Finance loans		
Payables to lenders are recognised in the balance sheet as follows:		
Non-current liabilities	-	21,951
Current liabilities	-	24
	-	**21,975**

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

Currency - USD	Fixed/ floating	2014	2013
Finance loans	floating	-	21,951
Calculated interest not yet due on finance loans		-	24
		-	**21,975**
Due within one year		-	24
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**

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

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.

	Group	
Amounts in USD thousands	**2014**	**2013**
Finance loans		
Payables to lenders are recognised in the balance sheet as follows:		
Non-current liabilities	95,829	99,801
Current liabilities	4,018	4,113
	99,847	**103,914**

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

Currency	**Fixed/ floating**	**2014**	**2013**
Finance loans (USD)*	floating	99,829	99,801
Working capital (USD)	floating	-	4,000
Calculated interest not yet due on finance loans and working capital		18	113
		99,847	**103,914**
Due within one year		4,018	4,113
Due between 1-2 years		5,000	4,000
Due between 2-3 years		6,680	5,000
Due between 3-4 years		6,680	6,680
Due between 4-5 years		6,680	6,680
Due after 5 years		70,789	77,441
		99,847	**103,914**

The fair value of the Company's and Group's finance loans 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 and repaid in 2014.

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.

21. Trade payables

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Suppliers of goods and services	95	1,608	6,064	5,642
Total trade payables	**95**	**1,608**	**6,064**	**5,642**

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

22. Other payables

	Company		Group	
Amounts in USD thousand	**2014**	**2013**	**2014**	**2013**
Other payables	-	5	-	5
Total other liabilities	**-**	**5**	**-**	**5**

The carrying amount of other payables relating to tax, social security contributions, etc.

23. Treasury and share capital

	Company and Group	
Number of shares	**2014**	**2013**
Treasury shares at 1 January and 31 December	**50,700**	50,700
Amounts in USD thousand		
Nominal value		
Treasury shares at 1 January	5,070	50,700
Reduction in the Company's share capital	-	(45,630)
Treasury shares at 31 December	**5,070**	**5,070**
% of share capital		
Treasury shares at 1 January	0.01%	0.13%
Effect of change in share capital	0.00%	-0.12%
Treasury shares at 31 December	**0.01%**	**0.01%**

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

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

Share capital as at 31 December 2014

The share capital as at 31 December 2014 consisted of 406,158,403 shares of DKK 0.1 (2013: 406,158,403 shares of DKK 0.1). The shares have not been divided into classes, and there are no special rights attached to the shares.

Transactions on the share capital have been the following:

Amounts in USD thousand	**2014**	**2013**	**2012**	**2011**	**2010**
Share capital at 1 January	7,437	6,695	6,695	64,740	12,826
Capital reduction	-	(6,024)	-	(58,266)	-
Capital increase	-	6,766	-	221	51,914
Share capital at 31 December	**7,437**	**7,437**	**6,695**	**6,695**	**64,740**
Number of shares:					
Shares at 1 January	406,158,403	38,946,697	38,946,697	37,764,888	7,180,000
Issue of new shares	-	367,211,706	-	1,181,809	30,584,888
Shares at 31 December	**406,158,403**	**406,158,403**	**38,946,697**	**38,946,697**	**37,764,888**

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

As part of the restructuring in Year 2013, the number of new shares issued for debt conversion was 350,520,274. In addition, Nordic Maritime 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.

The restricted reserve was established at the time of capital reduction in 2011 in accordance with SEL § 188,3.

24. Related party transactions

	Company	
Amounts in USD thousand	**2014**	**2013**
Board of Directors and Executive Board: Nordic Shipholding A/S' related parties with a controlling interest include the members of the Board of Directors and the Executive Management of the Company as well as their close family members. Moreover, companies in which the above-mentioned persons hold significant interests are also considered related parties.		
Related parties with a significant interest:		
Transport Capital Pte. Ltd. ("Transport Capital"), the Corporate Manager of the Group, is considered a related party of the Company.		
The Company has engaged in the following transaction with Transport Capital as follows:		
• Management fee paid to Transport Capital	518	-
SeaMall ApS ("SeaMall") is considered a related party of the Company as the Chairman of the Company is a member of the Board of Directors of SeaMall ApS.		
The Company has engaged in the following transaction with SeaMall as follows:		
• Capital increase in SeaMall through conversion of debt	44	-
Transactions with subsidiaries:		
Administration (income):		
• Nordic Shipholding A/S' sale of administration services to Nordic Shipholding BV	-	702
Finance loans:		
• 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
Transfer of vessel:		
• Transfer of vessel, bank loan and share of pool's assets and liabilities to a wholly-owned subsidiary	9,256	-
• Transfer of vessel, bank loan and share of pool's assets and liabilities from Dutch subsidiaries to Singapore-incorporated subsidiaries, of which the resulting intercompany receivables were transferred to Nordic Shipholding A/S	31,645	-
Receivables from subsidiaries at 31 December are disclosed in the balance sheet and in the notes to the financial statements.		

	Group	
Amounts in USD thousand	**2014**	**2013**
Related party transactions at Group level		
In addition to the above, the following related parties transaction with a significant interest are recorded at Group level:		
Transport Capital Pte. Ltd. ("Transport Capital"), the Corporate Manager of the Group, is considered a related party of the Group.		
The Company has engaged in the following transaction with Transport Capital as follows:		
• Management fee paid to Transport Capital	828	-

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

	Company	
Number of shares held by the following Board Member	**2014**	**2013**
Knud Pontoppidan	102,052	102,052
Jon Robert Lewis	-	-
Kristian V. Mørch	4,400	4,400
Philip Clausius	-	-

On 31 December 2014, the following shareholders held more than or equal to 5% of the share capital and voting rights:

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

Guarantees provided to subsidiaries can be found in Note 26.

Apart from the related parties transactions mentioned above, remuneration of the Board of Directors (Note 4), financial income (Note 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 prior management and employees. The warrants issued in June 2010 expired on 24 June 2014 and the warrant programme for 2011 will expire in May 2015. Please refer to the table below for the warrants issued in May 2011.

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
2011 programme						
Executive Board	550,000	-	-	-	-	550,000
Other employees	555,500	-	-	-	-	555,500
Retired employees at 31 December	-	-	-	-	-	-
Total	**1,105,500**	**-**	**-**	**-**	**-**	**1,105,500**

Number of warrants which can be exercised at 31 December 2014:	**1,105,500**

	2011 programme
Specification of parametres for BlackScholes model	
Average share price (DKK)	6.9
Share exercise price (DKK)^	7.76
Expected volatility rate	45%
Average duration – number of months	36
Expected dividend per share	-
Risk-fee interest rate	3.3%
The fair value of the warrants on grant determined by applying the BlackScholes model in DKK.	2.05
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.	

^ As the 2010 programme has expired in June 2014, the weighted average exercise price of the warrants issued under the 2011 programme is DKK 7.76.

There was no costs recognised in 2014 (2013: USD 0.1 million) from the warrants issued under the 2011 programme.

Vesting and exercise periods

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

	Company and Group	
Amounts in USD thousand	**2014**	**2013**
The Company has provided guarantee to the lending banks for the finance loans extended to wholly-owned vessel-owning subsidiaries^	99,847	81,939

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

Lawsuits

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.

27. Operating lease commitment

	Group	
Amounts in USD thousand	**2014**	**2013**
Within 1 year	6,333	-
After 1 year but within 5 years	12,145	-
After 5 years	-	-
	18,478	**-**

Operating lease-Time charter

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

28. Significant events after the balance sheet date

There is no significant event after the balance sheet date.

Definitions and calculation formulas

Unless otherwise stated, key figures and ratios have been calculated in accordance with the standards laid down by the Danish Society of Financial Analysts in "Recommendations & Financial Ratios 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 (%)	$\frac{\text{Average net working capital * 100}}{\text{Revenue}}$